In the

United States Court of Appeals

For the Seventh Circuit

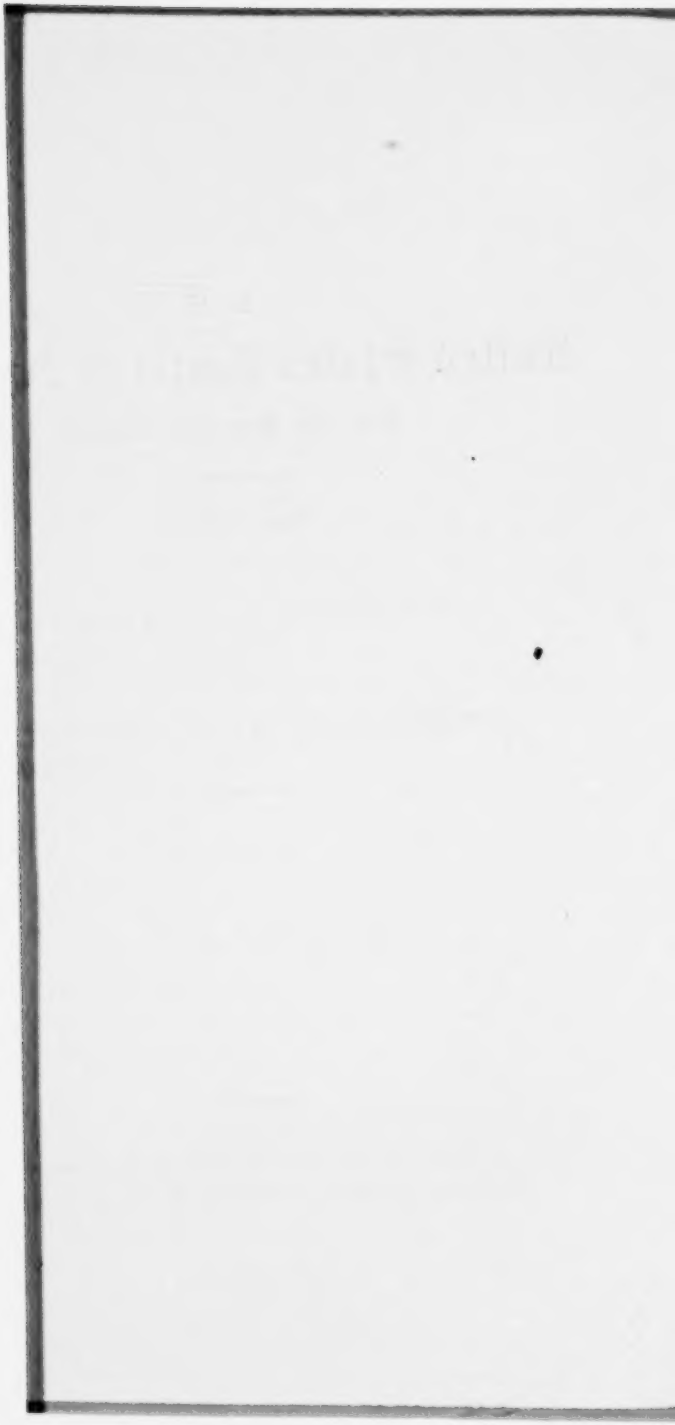
No. 11213

RIVERBANK LABORATORIES,
Plaintiff-Appellee,

vs.

HARDWOOD PRODUCTS CORPORATION,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.



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1 Pleas had at a regular term of the United States District Court for the Eastern Division of the Northern District of Illinois begun and held in the United States Court Rooms in the City of Chicago in the Division and District aforesaid on the first Monday of June (it being the 7th day thereof) in the Year of Our Lord One Thousand Nine Hundred Fifty-Four and of the Independence of the United States of America, the 178th Year.

Present:

Honorable John P. Barnes, District Judge.
Honorable William H. Holly, District Judge.
Honorable Philip L. Sullivan, District Judge.
Honorable Michael L. Igoe, District Judge.
Honorable William J. Campbell, District Judge.
Honorable Walter J. LaBuy, District Judge.
Honorable J. Sam Perry, District Judge.
Honorable Win G. Knoch, District Judge.
Honorable Julius J. Hoffman, District Judge.
Roy H. Johnson, Clerk.
William W. Kipp, Sr., Marshal.

Friday, June 18, 1954.

Court met pursuant to adjournment.

Present: Honorable Julius J. Hoffman, Trial Judge.

2 IN THE UNITED STATES DISTRICT COURT.

For the Northern District of Illinois,

Eastern Division.

Riverbank Laboratories, a corporation, *Plaintiff-Appellee,* *vs.* Hardwood Products Corporation, a corporation, *Defendant-Appellant.*	Civil Action No. 54 C 300.

STATEMENT PURSUANT TO RULE 10(b) OF THE RULES OF THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

1. Time of commencement of the suit: February 25, 1954.

2. Names of the parties: Riverbank Laboratories, a corporation, Plaintiff; Hardwood Products Corporation, a corporation, Defendant.

3. Dates of filing of pleadings: (a) Complaint—February 25, 1954. (b) Amendment to Complaint—May 20, 1954. (c) Answer—June 14, 1954.

4. Time of Hearing on Motion to Dismiss and Motion for Preliminary Injunction: June 3, 1954.

5. Name of Judge: Julius J. Hoffman, District Judge.

6. Date of entry of order granting Preliminary Injunction, from which appeal was taken: June 18, 1954.

3 7. Date appeal taken: June 18, 1954.

Gerrit P. Groen.
Wilkinson, Huxley, Byron and Hume,
1604 First National Bank Building,
Chicago, Illinois.

Of Counsel:
David A. Fox,
411 East Mason Street,
Milwaukee 2, Wisconsin.

Service of the foregoing Statement Pursuant to Rule 10(b) of the Rules of the United States Court of Appeals for the Seventh Circuit and receipt of a copy thereof are hereby acknowledged this 28th day of June, 1954.

William I. Friedman,
Morris Rosenfield,
Sam H. Offenheim,
Attorneys for Plaintiff.

4 Indorsed: In the United States District Court * * (Caption—54-C-300) * * Statement Pursuant to Rule 10(b) of the Rules of the United States Court of Appeals for the Seventh Circuit.

5 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

Be It Remembered, that on to wit, the 25th day of February, 1954, the above-entitled action was commenced by the filing of the Complaint in the office of the Clerk of the United States District Court for the Northern District of Illinois, Eastern Division, in words and figures following, to wit:

6 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

COMPLAINT.

Riverbank Laboratories, a corporation, plaintiff, by William J. Friedman, Maurice Rosenfield and Jack H. Oppenheim, its attorneys, complains of Hardwood Products Corporation, defendant, and says:

1. Plaintiff is a corporation not for profit duly organized and existing under the laws of the State of Illinois. Defendant is a corporation duly organized and existing under the laws of the State of Wisconsin.

2. The amount in controversy exceeds the sum of $3,000.00 exclusive of interest and costs.

3. This court has jurisdiction hereof by reason of the diversity of citizenship of plaintiff and defendant as above set forth.

4. Continuously from the year 1912 until the incorporation of plaintiff in 1921, plaintiff's predecessor, Riverbank Laboratories (a sole proprietorship) situated at Geneva, Illinois, carried on scientific research and experimentation, not for profit, in the field of acoustics, insulation
7 of sound, and related matters, as well as research and experimentation in other scientific fields. In 1921, Riverbank Laboratories was organized as a corporation not for profit under the laws of the State of Illinois, whereupon the name Riverbank Laboratories became the corporate name and sole property of plaintiff, and upon its incorporation, plaintiff succeeded to the sole ownership of the goodwill, trade name, buildings, laboratories, tools, instruments, research data, library and the reputation for scientific endeavor of its predecessor Riverbank Laboratories.

5. Continuously from the incorporation of plaintiff in the year 1921 until the present time, plaintiff has retained the corporate name and identity of Riverbank Laboratories, and has carried forward at Geneva, Illinois, on the same site as its predecessor Riverbank Laboratories, and in the buildings and laboratories originally constructed by its said predecessor and improved from time to time by plaintiff, scientific research and experimentation, not for profit, in the field of acoustics, insulation of sound, and related matters, as well as research and experimentation in other scientific fields.

6. Continuously since its original founding, the scientific achievements of Riverbank Laboratories have become nationally and internationally renowned; the findings and results of its research and experimentation have become disseminated throughout the world; its disinterested devotion to the advancement of scientific progress and its pioneering work in many scientific fields, leading to the establishment and acceptance of standards of scientific measurement, precision and control in fields where ac-
8 ceptable standards had not existed before, has conferred a unique reputation and prestige upon Riverbank Laboratories and has resulted in the universal identification of the name of Riverbank Laboratories, and its colloquially shortened version, Riverbank, with scientific excellence. For the same reasons, the name Riverbank when named as the source of development of a certain product used in science and industry, universally conveys

the meaning that such product meets the scientific tests and standards established by, and has the sponsorship of, Riverbank Laboratories.

7. Continuously since prior to World War I, the armed services of the United States, its civilian auxiliaries, and its contractors and subcontractors, have drawn directly and indirectly upon the experience, knowledge, research, findings and discoveries of Riverbank Laboratories and have put to use the tools, inventions, scientific products, devices and instruments developed and improved by Riverbank Laboratories. Thereby plaintiff's predecessor has contributed, and plaintiff has in the past, now does, and will in the future make substantial scientific contributions to the defense of the United States; and the awareness among scientific and industrial circles of the nature of such activities for the armed services has enhanced the reputation and prestige of Riverbank Laboratories.

8. For many years the scientific standards developed by plaintiff's predecessor and plaintiff, in the specialized filed of acoustics and insulation of sound, have been accepted by architects, engineers and builders throughout the United States as the guiding and controlling standards for the construction and testing of the acoustical and sound insulating properties and characteristics of materials,
9 products and constructions made, devised and built to solve acoustical problems arising in the construction of factories, defense plants, schools, hospitals and other buildings; and the Acoustical Materials Association, a trade organization consisting of all recognized manufacturers of sound insulating materials in the United States has for many years last past designated Riverbank Laboratories as the sole arbiter, in accordance with standards developed and promulgated by Riverbank Laboratories, of the acoustical qualities of all such materials. Certification by Riverbank Laboratories of the acoustical qualities of a material is accepted as scientifically accurate, and is the only certification in that field which is accepted as scientifically accurate, throughout the United States.

9. By reason of the matters set forth above in paragraphs 1 to 8, inclusive, the name Riverbank Laboratories and its colloquially shortened version Riverbank acquired, long prior to the year 1936, a unique reputation and prestige not only among members of scientific circles but also among architects, engineers, builders and contractors, with

the result that the name Riverbank Laboratories and its colloquially shortened version Riverbank have attained a special meaning in connection with the testing, development and use of materials for sound insulating.

10. More than sixteen years ago, when the name Riverbank already possessed the reputation and meaning described in paragraph 9 above, there was issued by the United States Patent Office at Washington, D. C., U. S. Patent No. 2079878 covering the specifications of an insulating door which had been developed at Riverbank Laboratories and plaintiff corporation became and since has been the owner of an undivided one-half interest in said patent.

11. The sound insulating door covered by said patent has continuously since first sold in commerce been designated by the name Riverbank to indicate its development at and sponsorship by Riverbank Laboratories, and has, during all of said period and until the present time been called, by virtue of the license and agreements hereinafter described, the Riverbank Sound Insulating Door.

12. More than sixteen years ago, plaintiff corporation Riverbank Laboratories, together with the joint owner of said patent and a third person formed a joint enterprise for the purpose of controlling the marketing of the sound insulating door developed at Riverbank Laboratories, and the control of the design and specifications for its manufacture; which joint enterprise, because of its sponsorship by Riverbank Laboratories, and the latter's participation therein, has been called the Riverbank Insulating Door Company.

13. On or about September 12, 1936, Riverbank Insulating Door Company entered into an agreement in writing with the defendant Hardwood Products Corporation, a true copy of which agreement is annexed hereto as Exhibit 1, whereby the defendant Hardwood Products Corporation was granted, upon a royalty basis, the exclusive right to manufacture and sell the Riverbank Sound Insulating Door throughout the United States, with the proviso that,

"The Hardwood Products Corporation agrees not to manufacture, sell or advertise for sound insulating purposes any door or any device connected therewith except doors and devices covered by agreement with the Riverbank Insulating Door Co. and not to depart from the present design and specifications without the advice and con-

sent in writing of the Riverbank Insulating Door Co.";
11 and it was further provided that said agreement "may be terminated by either party upon ninety days' written notice."

14. Continuously since the inception of the aforesaid agreement, and limited by its terms, the defendant has manufactured, advertised and sold sound insulating doors having the design and specifications set forth in said patent; and the purchasers from defendant of Riverbank Sound Insulating Doors have been informed, and understand when purchasing the same, that the name "Riverbank", as applied to said doors, means and is intended to mean that the sound insulating characteristics and qualities of said doors are vouched for and sponsored by Riverbank Laboratories, and that the latter has lent its name thereto so that the purchasers would be assured of a product meeting the high scientific standards long established at Riverbank Laboratories for testing sound insulating materials and products, with which standards the name "Riverbank" was and is synonymous.

15. Said Patent No. 2079878 will expire on or about May 11, 1954.

16. On or about December 2, 1953, plaintiff was advised by defendant that defendant had registered as its trade mark the name "Riverbank" in connection with the manufacture and sale of the sound insulating doors produced by defendant. Plaintiff avers that such registration of the name "Riverbank" was made without notice to and without the knowledge or consent of plaintiff; and that such registration was made with the fraudulent intent on the part of the defendant to practice a deception upon the public after the expiration of said patent, that is, after on or about May 11, 1954, by then appropriating the good name and reputation of Riverbank Laboratories
12 through the adoption of the colloquially shortened version of plaintiff's name, Riverbank (which name has the unique meaning in the acoustical and sound insulating field which is described in paragraph 14 above), and by applying the said name "Riverbank" to doors, the design of and specifications for which Riverbank Laboratories would no longer have any control in the event that defendant's strategem were not restrained.

17. On or about December 2, 1953, plaintiff was further advised by defendant that defendant was taking and

would continue to take the position that after the expiration of the aforesaid patent the defendant or anyone else could use the name Riverbank in connection with the manufacture and sale of doors, without regard to the wishes of Riverbank Laboratories and without in any way submitting to the control of Riverbank Laboratories over the design and specifications of any doors manufactured and sold under the name Riverbank after the expiration of said patent.

18. On or about December 28, 1953, plaintiff, Riverbank Laboratories, acting in its capacity as managing partner of Riverbank Insulating Door Company, transmitted through the mails a written notice to defendant, stating that Riverbank Insulating Door Company, in accordance with the provisions contained in paragraph 12 of the license agreement with defendant dated September 14, 1936 (Exhibit 1 attached hereto), was then and thereby giving notice that said license agreement would terminate ninety days from the date of defendant's receipt of said notice. Plaintiff avers that said notice was received in the mails by defendant not later than December 30, 1953, and that accordingly said agreement between defendant and Riverbank Insulating Door Company will terminate ninety
13 days after December 30, 1953, that is to say, on March 30, 1954. Plaintiff further avers that by reason of such termination of said agreement on March 30, 1954, defendant will thereafter have no right, license, privilege, authority, consent or permission to manufacture or sell the sound insulating door covered by said Patent No. 2079878; and defendant will not after March 30, 1954 have any right, license, privilege, authority, consent or permission to use the name Riverbank in connection with the manufacture or sale of any doors whatsoever.

19. On or about January 13, 1954, plaintiff was advised that defendant was taking and would continue to take the position that the notice to defendant of the termination of the license agreement, as set forth in paragraph 18 above, was ineffective and would not be honored by defendant, and that defendant would continue to manufacture and sell sound insulating doors, purportedly under the terms of the agreement dated September 14, 1936, until the time of the expiration of said Patent No. 2079878 on or about May 11, 1954. Plaintiff avers that the course of conduct thus threatened by defendant is an in-

tegral part of its planned strategy of deception of the public in connection with its threatened continued use of the name Riverbank, described in paragraph 16 above, and that the fraudulent registration by defendant of the trade mark Riverbank, described in said paragraph 16 above, was the initial move in such calculated deception.

20. The continued use by defendant, as threatened by it, of the name Riverbank in connection with the manufacture and sale of sound insulating doors after the expiration of defendant's license, will injure and damage plaintiff in the following respects:

14 A. Plaintiff will lose license fees, royalties and other compensation, to the extent of more than $10,000.00 annually which plaintiff would receive from such manufacturer as it would choose to give its license for the use of the name Riverbank in connection with the manufacture and sale of sound insulating doors, the design of and specifications for which Riverbank would exercise control, and which would meet the scientific tests and standards for which Riverbank Laboratories has attained the reputation hereinabove described.

B. Plaintiff will be irreparably injured and damaged by defendant's use of the name Riverbank in connection with the manufacture and sale of sound insulating doors, the design of and specifications for which would not be under plaintiff's control, so that the sound insulating characteristics and qualities of such doors may be deteriorated while bearing the name Riverbank, to the deception of the public, and thus result in the destruction of the prestige and reputation of Riverbank Laboratories.

C. The destruction of the prestige and reputation of Riverbank Laboratories, which would result under the conditions described in subparagraph B above, will further result in the withdrawal of support by scientific and industrial institutions of the program of research and experimentation constantly being carried out at Riverbank Laboratories, and thereby diminish the rate of scientific progress in fields where continued progress is of the utmost necessity for the development of products, processes, instruments and devices necessary for the defense of the United States.

15 Wherefore, plaintiff prays:

I. That this court adjudge and declare that defendant has no right, license, privilege, authority, con-

sent or permission after March 30, 1954, to continue the manufacture and sale of sound insulating doors covered by United States Patent No. 2079878, and no right, license, privilege, authority, consent or permission to use or apply the name Riverbank in connection with the manufacture and sale by it of any doors whatsoever, or in connection with any other articles manufactured and sold by defendant, except under such terms and conditions as may be agreed upon in writing by plaintiff.

II. That this court adjudge and declare that the registration of the trade mark or trade name Riverbank, as registered by defendant, shall be held by defendant in trust for plaintiff, and shall not be used by defendant after March 30, 1954, except upon the express written authority of plaintiff, and under such terms and conditions as plaintiff, if it should license the use of the name Riverbank, may impose for the protection of its good name and reputation.

III. That this court shall, temporarily during the pendency of this action, and for the time thereafter permanently, restrain and enjoin defendant (1) from using or applying the name Riverbank in connection with the manufacture and sale by defendant of doors or other products after March 30, 1954, except upon the express written agreement of plaintiff, and (2) from manufacturing or selling after March 30, 1954 any sound insulating doors covered by U. S. Patent No. 2079878, during the continued life of said patent.

16 IV. That this court shall grant to plaintiff such other and further relief as to the court shall appear meet.

William J. Friedman,
Maurice Rosenfield,
Jack H. Oppenheim,
Attorneys for Plaintiff.

Address for Service:
208 South La Salle Street,
Chicago 4, Illinois.
Telephone—DEarborn 2-5580.

17 Exhibit I.

Memorandum of Agreement between The Hardwood Products Corporation and The Riverbank Insulating Door Co.

(1) The Riverbank Insulating Door Company grants to the Hardwood Products Corporation exclusive right to manufacture and sell the Riverbank sound insulating doors throughout the United States.

(2) The Hardwood Products Corporation will pay to the Riverbank Insulating Door Company a royalty of 20% of the actual gross selling price, after deducting freight on all sound insulating doors and materials furnished for use in connection therewith, and agrees that this royalty shall not be less than $1000.00 for the year beginning January 1st, 1937, and not less than $1500.00 for each succeeding year thereafter.

(3) The Hardwood Products Corporation will establish a price schedule for doors which price will include gasketed stops, stop adjusters and automatic bottom closers—the bottom closer to be furnished them by the Riverbank Insulating Door Co. at a price 20% above the actual cost of manufacture but not to exceed $3.60 each.

(4) Hardwood Products Corporation agrees to take over all advertising and sales promotional work. The advertising will include at least one page of material in Sweet's Catalogue annually, and such other advertising as the Hardwood Products Corporation may consider advisable.

18 (5) Hardwood Products Corporation agrees to make up and supply without charge any materials needed for tests in development and improvement of present door, and development of doors of new types.

(6) Hardwood Products Corporation will pay to the Riverbank Insulating Door Co. a sales commission of 10% on the actual gross selling price, less freight, on all doors sold by the latter.

(7) Hardwood Products Corporation will give to F. O. Ludlow the exclusive right to sell Riverbank sound insulating doors within the Chicago sales territory, and will pay him a sales commission of 10% of the actual gross selling price less freight on all sales made in this territory.

(8) The Riverbank Insulating Door Company agrees to supply the following services:

(a) To furnish available technical data that may be needed for sales promotional work and to give advice on the use of such data in advertising.

(b) To conduct without charge tests which by mutual agreement are considered necessary to successfully present the merits of the Riverbank sound insulating door and tests looking to the improvement of the present door as well as to the development of new types of doors.

(c) To furnish without charge supervision necessary to the proper installation of doors installed in Chicago sales territory, and when desired to furnish such supervision anywhere on an agreed upon per diem and expense basis.

(d) To cooperate with the Hardwood Products Corporation in giving sales representatives of the latter such instructions as are necessary to an intelligent presentation of the merits of the Riverbank sound insulating doors, such cooperation to include a visit to the Riverbank Laboratories by sales representatives at such times as are mutually convenient.

(9) The Hardwood Products Corporation agrees not to manufacture, sell or advertise for sound insulating purposes any door or any device connected therewith except doors and devices covered by agreement with the Riverbank Insulating Door Co., and not to depart from the present design and specifications without the advice and consent in writing of the Riverbank Insulating Door Co.

(10) The Hardwood Products Corporation will render on the 20th day of the months of January, April, July, and October a statement of sales of Riverbank sound insulating doors covering the three months' period ending on the first days of these months respectively, and shall pay on the 20th day of each of these months the royalties accruing on sales made during the preceding three months' period. The books of the Hardwood Products Corporation will be open to the Riverbank Insulating Door Co. for audit of sales of Riverbank sound insulating doors and materials furnished therewith.

(11) The terms of this agreement shall be effective immediately upon execution.

(12) This agreement is subject to revision by mutual consent in writing and may be terminated by either party

upon ninety days written notice. It is mutually agreed
20 that this agreement shall cover all orders entered on the books of the Hardwood Products Corporation prior to the date of the termination of this agreement.

When signed and witnessed both parties hold themselves bound to carry out the terms herein set forth in mutual good faith.

Date: Sept. 12, 1936.

Riverbank Insulating Door Co.,
By Paul E. Sabine,
Frederick O. Ludlow,
Hardwood Products Corp.,
T. J. Jung,
Sec.-Treas.

Sept. 14, 1936.

21 And afterwards on, to wit, the 5th day of March, 1954 there was filed in the Clerk's office of said Court a certain Summons with Marshal's Return Endorsed thereon in words and figures following, to wit:

22 UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

SUMMONS.

To the above named Defendant:

You are hereby summoned and required to serve upon William J. Friedman, Maurice Rosenfield and Jack H. Oppenheim, plaintiff's attorneys, whose address is 208 South LaSalle Street, Chicago 4, Illinois, an answer to the complaint which is herewith served upon you, within 20 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

Roy H. Johnson,
Clerk of Court.
Marguerite Gilman,
Deputy Clerk.

(Seal of Court)
Date: February 25, 1954.

Note.—This summons is issued pursuant to Rule 4 of the Federal Rules of Civil Procedure.

23 Return on Service of Writ.

I hereby certify and return, that on the ..... day of ...., 19....., I received this summons and served it together with the complaint herein as follows:

Served this writ together with copy of complaint on the within named Hardwood Products Corporation, a corporation, by delivering copies thereof to C. D. Heidemann, Chicago representative, an agent of said corporation, this 4th day of March, A. D. 1954.

The president of said corporation not found in my district.

W. W. Kipp, Sr.,
United States Marshal.
By Wm. Raff,
Deputy United States Marshal.

Marshal's Fees: Travel (4) $.40; Service (1) $2.00: $2.40.

Subscribed and sworn to before me, a ..... this ..... day of ....., 19.....
(Seal) .....

Note—Affidavit required only if service is made by a person other than a United States Marshal or his Deputy.

Endorsed: United States District Court * * * (Caption—54-C-300) * * Summons in Civil Action returnable not later than 20 days after service. Filed Mar. 5, 1954. Roy H. Johnson, Clerk.

24 And afterwards on, to wit, the 24th day of March, 1954 came the Defendant by its attorneys and filed in the Clerk's office of said Court its certain Motion to Dismiss for Improper Venue, etc., in words and figures following, to wit:

25 IN THE UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

MOTION OF DEFENDANT TO DISMISS FOR IMPROPER VENUE, FOR LACK OF JURISDICTION AND FOR ABSENCE OF NECESSARY PARTIES PURSUANT TO RULE 12 (b), FEDERAL RULES OF CIVIL PROCEDURE.

Now comes the defendant, Hardwood Products Corporation, a Wisconsin corporation, by its attorneys, James P. Hume and Gerrit P. Groen, 1604 First National Bank Building, Chicago 3, Illinois, and appearing especially moves the court to quash the Summons and to dismiss the Complaint herein on the following grounds, namely:

A. That the defendant, Hardwood Products Corporation, is a corporation organized under the laws of the State of Wisconsin and was not and is not subject to service of process within the Northern District of Illinois, Eastern Division; and

B. That the court lacks jurisdiction because the amount actually in controversy is less than Three Thousand Dollars ($3,000.00) exclusive of interest and costs; and

C. That indispensable parties Plaintiff have not been joined;

26 All of which more clearly appears on the face of the Bill of Complaint herein and in the affidavits of Henry J. Young and Charles D. Heidemann hereto attached respectively as Exhibits "A" and "B".

James P. Hume,
Gerrit P. Groen,
(Wilkinson, Huxley, Byron & Hume),
1604 First National Bank Bldg.
Chicago 3, Illinois,
Randolph 6-4848.

Of Counsel:
David A. Fox,
411 East Mason Street,
Milwaukee 2, Wisconsin.

Copies of the Notice, Motion to Dismiss, Supporting Memorandum, and Affidavits received this 23rd day of March, 1954.

Friedman, Zoline & Rosenfield,
William Friedman,
Attorneys for Plaintiff.

27 And on the same day, to wit, the 24th day of March, 1954 there were filed in the Clerk's office of said Court certain Affidavits of Charles D. Heidemann, and Henry J. Young in words and figures following, to wit:

28 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

AFFIDAVIT OF CHARLES D. HEIDEMANN.

County of Cook, }
State of Illinois. } ss.

Charles D. Heidemann having been duly sworn on oath makes affidavit as follows; that he is of legal age and a resident of the City of Chicago, County of Cook, State of Illinois, that he is and, at all times hereinafter mentioned, was a sales representative for Hardwood Products Corporation, the defendant above named; that he is the person upon whom the Complaint in the foregoing matter was sought to be served on March 4, 1954, as and for service upon Hardwood Products Corporation, the defendant above named; that on March 4, 1954 he, as sales representative for Hardwood Products Corporation, defendant, maintained an office in the City of Chicago, County of Cook, State of Illinois at 75 East Wacker Drive, that on March 4, 1954 and for several years prior thereto, he acted for Hardwood Products Corporation as its sales repre-
29 sentative within the State of Illinois, that during all this period his compensation was partly paid as salary, partly paid as commissions and partly paid as expenses, from which compensation affiant paid all the expenses including the rent of the office maintained by him at 75 East Wacker Drive, Chicago, Illinois; that while said office carried on the door and in the building directory, at the entrance of the building, the name of defendant aforesaid, the telephone maintained therein was listed under the name of defendant aforesaid and the address of said office appeared on the letterhead of defendant affiant was without power or authority to enter into any contract by or on behalf of defendant and affiant never assumed such authority; that, on the contrary, affiant has confined his activities on behalf of the aforesaid defendant, Hardwood

Products Corporation, entirely to the solicitation of orders for the purchase of goods manufactured by the aforesaid defendant, at its place of business in Neenah, Wisconsin, which orders were, on all occasions, submitted to the said defendant, Hardwood Products Corporation, at its home office in Neenah, Wisconsin for acceptance there; that affiant was not authorized to, nor did he at any time, solicit orders for acceptance by him in behalf of said defendant, Hardwood Products Corporation, within the State of Illinois; that affiant was not authorized to accept and did not make a practice of accepting payment for merchandise sold to customers of the defendant, Hardwood Products Corporation, within the State of Illinois and that he was never authorized to accept for deposit, nor did he deposit, any check or other instrument payable to said defendant, Hardwood Products Corporation; that in the solicitation of orders for merchandise manufactured and sold by defendant, affiant has, at no time, carried an order book nor has there been issued nor is there existing in his possession nor was there, at the date of service of the aforesaid Complaint, any order blanks used by affiant for the placement of orders by prospective customers of the defendant aforesaid, Hardwood Products Corporation; that, on the contrary, in soliciting orders for the said defendant, affiant has usually requested that the customer, desiring to purchase, transmit its written order directly to defendant, Hardwood Products Corporation, at its home office in Neenah, Wisconsin; that at no time prior to or since the date of attempted service of the Complaint herein as aforesaid has affiant transacted any business on behalf of defendant aforesaid except as stated aforesaid or as incidental thereto; further affiant sayeth not.

Charles D. Heidemann.

Subscribed and sworn to before me this 18th day of March, 1954.

(Seal)

Imogene Latimer,
Notary Public, Cook County, Illinois.

My Commission Expires Nov. 20, 1957.

31 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

AFFIDAVIT OF HENRY J. YOUNG.

County of Winnebago, } ss.
State of Wisconsin. }

Henry J. Young being duly sworn on oath deposes and says; that he is of legal age and a resident of the City of Neenah, in the County of Winnebago, State of Wisconsin; and that he is an officer, to wit, the Vice President and Treasurer of Hardwood Products Corporation, the defendant above named; that he is intimately acquainted with the affairs of the defendant, having been an employee thereof since 1912 and having become an officer thereof in 1929; that the said defendant is a corporation organized and existing under the laws of the State of Wisconsin; that the defendant is not licensed and at no time has been licensed to transact business in the State of Illinois and at no time has appointed any agent authorized to accept
32 service of process in its behalf within the State of Illinois; that defendant has not at any time carried on business in the State of Illinois; that the only activity engaged in by defendant within the State of Illinois at any time has been the solicitation of orders for merchandise manufactured by defendant in the State of Wisconsin, which orders have been accepted by defendant only at its home office at Neenah, Wisconsin; that the defendant had no bank account on March 4, 1954 and now has no bank account in the State of Illinois; that defendant at no time had maintained any stock of goods or merchandise of any description within the State of Illinois and that it owns no property situated within the State of Illinois except that which may be incidental to the solicitation of orders, as aforesaid; that the only persons employed by defendant within the State of Illinois at any time have been sales representatives and their clerical assistants, among whom is the sales representative, Charles D. Heidemann, upon whom the Bill of Complaint, in the above entitled matter, was sought to be served; that no employee or agent of defendant now or heretofore located in Illinois has at any

time been authorized or empowered to enter into any contract or agreement by or on behalf of defendant; that no employee or agent of defendant now or heretofore located in Illinois is or has been empowered to make a practice of collecting or handling any monies due defendant from the sale of merchandise or otherwise; that defendant does not now nor did it at any time heretofore supply its employees or agents in Illinois with any order books or purchase
33 blanks and that orders solicited in the State of Illinois are issued directly by the customer on the customer's purchase form or stationery to be transmitted to defendant at its home office in Neenah, Wisconsin; that all goods of defendant are manufactured in and shipped from Neenah, Wisconsin and are invoiced from and conveyed to the customer f.o.b. at Neenah, Wisconsin; that at no time has defendant maintained any type of office, branch or establishment in the State of Illinois other than the type of office located at 75 East Wacker Drive, Chicago, Illinois used only for the purposes aforesaid; that affiant has been notified, in writing, that the partners, Frederick O. Ludlow and Paul E. Sabine, have not consented to cancellation of the contract, Exhibit 1, attached to the Bill of Complaint, and consider that it is still in force and effect.

Henry J. Young.

Subscribed and sworn to before me this 18th day of March, 1954.

(Seal) /s/ Leonora W. Miller,
Notary Public, Winnebago County, Wisconsin.

My Commission Expires Nov. 11, 1956.

(Memorandum in Support of Defendant's Motion attached but not copied.)

34 And on, to wit, the 3rd day of May, 1954 there was filed in the Clerk's office of said Court a certain Deposition of Henry J. Young in words and figures following, to wit:

37 IN THE UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

(Filed May 3, 1954. Roy H. Johnson, Clerk.)

Deposition of Henry J. Young, taken on behalf of the plaintiff, pursuant to Rule 26 of the Federal Rules of Civil Procedure, on waiver of notice and consent, before Stanley H. Enockson, Notary Public in and for Milwaukee County, State of Wisconsin, at the offices of Lines, Spooner & Quarles, 411 E. Mason Street, Milwaukee, Wisconsin, on Friday, April 16, 1954, commencing at 2:00 o'clock in the afternoon.

Appearances:

On behalf of the Plaintiff: Friedman, Zoline & Rosenfield, by Jack H. Oppenheim, Esq.

On behalf of the Defendant: Lines, Spooner & Quarles, by David A. Fox, Esq.

38 (Thereupon the following proceedings were had and testimony taken:)

Mr. Oppenheim: Let the record show that this is a deposition of Henry J. Young, taken for discovery under the Federal Rules of Civil Procedure, and that counsel for both sides have waived notice, and any other formalities required, and we have agreed to take the deposition at this place at this time.

Mr. Fox: Yes, under stipulation that the witness would voluntarily appear here, and that the scope of the subject matter would be the matters pertinent on the pending motion to dismiss.

HENRY J. YOUNG, called as a witness herein on behalf of the plaintiff, being first duly sworn, was examined and testified as follows:

Examination by Mr. Oppenheim.

Q. Please state your name?
A. Henry J. Young.
Q. Where do you live, Mr. Young?
A. Neenah, Wisconsin.
Q. How long have you lived there?
A. I have lived in Neenah since I have been married in 1920.
39 Q. And you are associated with the defendant Hardwood Products Corporation?
A. Yes, sir.
Q. In what capacity?
A. Vice President and Treasurer.
Q. How long have you held that position?
A. This particular title I held for two or three years.
Q. And before that?
A. Before that I was Secretary and Treasurer, which title I held from about 1929 until the death of the former President.
Q. And prior to 1929 were you associated with Hardwood Products Corporation?
A. Yes.
Q. How long?
A. Since 1912. October 1912.
Q. Will you state, Mr. Young, whether your Company has an office in Boston, Massachusetts?
A. We have in Boston a commission company known as East Coast Sales Company. They sell for us on a commission basis our products and also the product of other mills. We do not actually have the office in our name. East Coast Sales Company is really our commission
40 representative and are paid on a commission basis on sales made.
Q. In other words, you don't have any employees of your Company in Boston, Massachusetts?
A. Actually not in that sense; that is, of our own. They have complete jurisdiction.
Q. Do you have any under salary there?
A. None.

Q. Now, excluding for the purpose of this question any reference to Chicago and the State of Illinois, would you state where Hardwood Products Corporation has sales agencies in the United States?

A. We do.

Q. Where?

A. Oh, yes, we have—on an arrangement similar to East Coast Sales, that is, on a commission basis only, we have one in Los Angeles; Cleveland—that's the residence of the individual who represents us—Cleveland; St. Louis; Shreveport, Louisiana; Atlanta, Georgia; Denver. I think that's all.

Q. Are your arrangements with the people at those cities you have named on a commission basis?

A. Yes.

Q. Solely?

41 A. Solely on commission.

Q. Who is the direct superior officer at the Neenah, Wisconsin office of the defendant in relation to Charles D. Heidemann, who lives in Chicago?

A. Well, there would be no—you mean officer from Neenah who is superior to Heidemann, you mean?

Q. Yes.

A. Well,—

Q. Who does he report to?

A. He would report to the President of the Company, Mr. DesMarais.

Q. Would you give us his full name, please?

A. H. H. DesMarais, D-e-s M-a-r-a-i-s. I might say that Mr. DesMarais, who is the son-in-law of the former President, came in as President about two years ago.

Q. How long ago?

A. Two years ago.

Q. And before that who would Mr. Heidemann report to?

A. Well, he would report to me in a general way in connection with sales. I would have more contact with him on sales than would the then President, Mr. Kimberly.

Q. You are speaking of the period prior to the time Mr. DesMarais became President?

42 A. Yes.

Q. What has been the situation in line of authority since Mr. DesMarais became President?

A. Well, the President stands first in relation to Heidemann, or myself, or any other sales representative.

Q. That is to say that there is a direct line of authority from Mr. DesMarais to Mr. Heidemann, and direct line from DesMarais to you; is that right?

A. That's right. And I might state presently too that there is a sales manager who has come in the organization within the last year who has authority over Mr. Heidemann or any of the sales office. His name is Selden Spencer.

Q. Was there such a position in the Company before Mr. Spencer came to it—

A. (Interrupting.) Yes.

Q. (Continuing.) —that anybody held?

A. Yes.

Q. Who was that?

A. F. J. Donovan, who was formerly our New York office representative.

Q. When you say he was formerly your New York office representative, what period are you referring to?

43 A. He was in the Neenah office as sales manager just about nine months.

Q. In what year?

A. He left last September or October; I am not sure.

Q. Of '53?

A. Yes.

Q. And he had been there for nine months?

A. Nine months prior to that, approximately.

Q. As sales manager?

A. Sales manager.

Q. Before that time he was—

A. (Interrupting.) He was manager of the New York office.

Q. (Continuing.) —manager of the New York office?

A. Yes.

Q. Is the New York office still in existence?

A. No. Presently the East Coast Sales Company has one of their loan companies in an office in New York who handles our affairs as well as others.

Q. When did you give up the New York office and make arrangements with East Coast Sales, approximately?

A. About a year ago last August.

Q. Approximately August, 1953?

A. '53.

44 Mr. Oppenheim: Off the record, please.

(Whereupon a brief, informal discussion was had off the record.)

Mr. Oppenheim: All right, back on the record.

Q. As Treasurer of the Hardwood Products Corporation, Mr. Young, you have had occasion to have transactions with banking institutions on behalf of Hardwood, have you not?

A. Yes, sir.

Q. Will you state what transactions Hardwood Products Corporation has had with the First National Bank of Chicago?

A. We had an account there up until about a year ago. A very nominal account. We merely—our main banking is National Manufacturers of Neenah, but we carry a small amount in the National Bank of Chicago, which was sort of a carry-over from the days when we had loans in Chicago, and, of course, carried an account. And we also—one other reason for carrying the account down there was, I think, the saving of the exchange on checks drawn within Chicago. But the account was discontinued, as far as I can remember, about a year ago, but a very nominal amount was kept on hand in that bank.

45 Q. You would say that you had a small banking account for many, many years there until last year?

A. Yes. There was a time when the account was larger than it had been, say, in the last five, six years; particularly when we had loans down there our deposits would be higher.

Q. Would you say that until about five or six years ago that the corporation, Hardwood Products Corporation, used to make sizable loans at the First National Bank in Chicago, and in the last five, six years has not had any occasion to do so?

A. It would be beyond five, six years we made loan financing. It would go beyond five or six years.

Q. In recent years you haven't had occasion to make loans, have you?

A. No, no loans.

Q. Now, in what other respects have you used the services of the First National Bank of Chicago in the past few years?

A. None other, that I recall.

Q. With respect to the clearance of drafts, bank drafts?

A. No. Those would be handled through our local bank.

Q. And would you say that in the past year, that

46 is, from approximately April, 1953, until the present

time, you have had no communications or dealings whatsoever with the First National Bank of Chicago?

A. None that I know of. The only possibility would be that if some customer whose credit standing was questioned by us would give us their name as a reference, then I would write the bank and ask them for a reference on that customer. There might be that possibility.

Q. Well, you have had occasion to do that several times in the last year, haven't you?

A. I don't remember ever having it occur with the First National Bank in Chicago during the past year. I don't recall we ever had to use it. There might be a possibility of it. I am sure we didn't though.

Q. Have you ever had any other bank connection with Chicago, other than the First National Bank?

A. I don't think so. I wouldn't recall. It would be so far back.

Q. Mr. Young, have you yourself ever been in Geneva, Illinois, at the office of Riverbank Laboratories, the plaintiff in this case?

A. Yes.

Q. Would you state when the last time you were
47 there was, to the best of your recollection?

A. Well, I'd say within two years. I am trying to think of the occasion which would have brought me down there.

Q. Was it before the meeting you had in Chicago last year at the Union League Club?

A. Before then.

Q. It was before that meeting?

A. Before then. I haven't been there since.

Q. Maybe a year before then?

A. About that, approximately.

Q. Will you state whether you have ever inspected the stock of special Closers in Geneva, Illinois?

A. No, I never did, to my knowledge; never.

Q. What is the arrangement with respect to the manufacture of Threshold Closers at Geneva, Illinois and their shipment either to Neenah or to the customers of Hardwood at other places?

A. Well, as we receive orders for Riverbank doors a duplicate of the order goes to Geneva; that would indicate the size, in other words, and also—

Q. (Interrupting.) That would go to the Company known as Riverbank Insulating Door Company?

A. Yes. And the purpose of that was, of course,
48 in accordance with our understanding of the contract, that they would have then an audit on our royalties. Then they would ship the Closers to Neenah on those orders. Now, during the past four, five years, with the increase in Riverbank door orders, many of them ran to uniform size, so we would occasionally place stock orders and they would ship those stock orders to Neenah, and we would take the Riverbank Closers right out of our stock and ship them along with our door in a separate package, as a rule.

Q. And the Closers that were manufactured at Geneva, Illinois were by contract by you and—that is, Hardwood Products Corporation and Riverbank Insulating Door Company?

A. Uh-huh.

Q. And Riverbank Insulating Door Company, as you know, would subcontract that out?

A. To some individuals.

Q. Mr. Peupaw. You are familiar with that?

A. To some extent. I never knew whether they had the same man all the time or not.

Q. You knew they were subcontracted?

A. Yes.

49 Q. Now, you were familiar, were you not, with the practice of—what is his name, Mr. Heckner?

A. Heckner.

Q. Of giving instructions to Riverbank Insulating Door Company, Geneva, Illinois, from time to time to ship Closers to Hardwood Products Corporation customers in various places in the United States?

A. That would happen only in occasion of emergency cases where the manufacturer—where the, first of all, the Closers were a special size, and where the doors were ready for the job and we would—in other words, to save time, we would ship the doors without the closers direct to the job so that they could be hung and finished before the closers were ready. In that case, and it didn't happen very often, there were—

Q. (Interrupting.) The records will show how often it happened; isn't that right? It's a matter of record.

A. There were instructions, and Riverbank would ship direct to the customer and thus save the time of hanging the door. It was only in cases where a delay occurred in sending the Closer.

Q. The records of your Company, and the records of Riverbank Insulating Door Company, which are duplicate records, would show the instances in which that occurred?

A. It very likely would. I couldn't tell you how often. That would be the condition under which we would ship under such circumstances.

Q. In every instance, though, Riverbank Insulating Door Company would bill Hardwood Products Corporation for the cost of those Closers, wouldn't it?

A. Yes, along with their regular monthly billing of the remaining Closers shipped to us.

Q. In other words, they would bill you for what you call stock Closers, which were manufactured and sent to Neenah to be kept in stock,—

A. (Interrupting.) Yes.

Q. (Continuing.) —and also bill you for such Closers they had shipped directly to your customers on your order?

A. Yes.

Q. And upon receipt of those bills—

A. (Interrupting.) And, thirdly, they would also bill us for non-stock Closers shipped direct to Neenah. There would be some of those, too.

Q. Yes. So that all Closers would be paid for by the Neenah office of Hardwood Products Corporation?

A. Yes.

Q. By check to Riverbank Insulating Door Company?

A. Yes.

Q. And the invoices for those Closers to Hardwood Products Corporation customers would be sent from the Neenah office of Hardwood Products Corporation to wherever the customer was?

A. In fact, the invoices would not show a separate price on the Closer, however. The invoice to the customer just shows the price for the complete door and Closer. We wouldn't separate the Closer price.

Q. Now, I suppose you have known Mr. Heidemann during the entire period of his association with Hardwood Products Corporation?

A. Yes.

Q. Which apparently was about the same length of time as yours?

A. No, he came along about 1920. I came in '12.

Q. You said 1912?

A. '12 I came into the Company. He came, I think, about 1920. Right after the First World War.

Q. At whose direction did Mr. Heidemann go to Cleveland and St. Louis and Rock Island on certain occasions to open offices for Hardwood Products Corporation?

52 A. That was at the direction of the President of our Company, Mr. Kimberly, and, of course, in—and myself. We would work—plan it out together, but he would issue the direction as to when a change would be made.

Q. And were there any other offices you recall, other than the three that I named?

A. That Mr. Heidemann had—

Q. (Interrupting.) Went out and opened up. yes.

A. He was in St. Louis, Cleveland, Rock Island, and, of course, Chicago he did not open. We had an office there before he came.

Q. Mr. Cox was there?

A. Yes.

Q. Other than those, do you recall any?

A. No, I don't recall any.

Q. Now, you have been in Chicago, I gather from what Mr. Heidemann has said, on the average of three, four times each year. Would you say that's right?

A. Yes, it might. Sometimes five, six times. Not any more.

Q. And on such occasions as you were in Chicago, you would sometimes take the opportunity to visit Hardwood Products Corporation customers with Mr. Heidemann?

53 A. Whenever possible.

Q. Are you familiar with the amount of merchandise, in dollars, approximately, that is shipped by your Company to Chicago, Illinois customers, or other Illinois customers? By that I mean all products.

A. You mean the entire State of Illinois customers in a year?

Q. Just give us a rough figure.

A. Roughly about—might be from thirty-five to fifty thousand in a month, on the basis of the last five years—three, four years.

Q. And that would include insulating doors and your regular hardwood doors. Any other products?

A. There might have been occasional maple tops for school science tables.

Q. There was a period of time when Mr. Heidemann used to make quite long trips for the Company. Do you recall when that was?

A. Well, although he was manager of the Chicago office after Mr. Cox retired, he still had within his jurisdiction control of territories that reached down into Texas, Oklahoma, Nebraska, and so on, so he would make follow-up calls from his office in Chicago at these distant terri-
54 tories as often as time permitted.

Q. And would that include the places where you had sales agencies?

A. Yes. For instance, St. Louis, he established a man in St. Louis under him. He would have some jurisdiction over it. For example—let's see now, St. Louis he placed a man there but he would not control the activities of that office. St. Louis was sort of an island within his territory. Missouri—the rest of Missouri was his, but the island was St. Louis and its environs; but we had no other office, then, in their outlying territory. He would handle it as well as he could. And we would respect whatever Mr. Heidemann would do because he had jurisdiction to go down and make a trip as often as he could.

Q. He would go on those trips and either get orders which would be sent to the Neenah office, or he would make quotations?

A. And make quotations.

Q. Which might have resulted in orders sent to the Neenah office?

A. Right.

Q. Or if the orders were sent to the Chicago office,
55 he would forward them to the Neenah office?

A. Forward them to me.

Q. Is that right?

A. Yes.

Q. And over a period of years I understand that you would sometimes go with Mr. Heidemann to adjust complaints?

A. Correct.

Q. Now, did you ever go with him any other place, other than Chicago, Illinois, to adjust complaints?

A. Oh, yes.

Q. With Mr. Heidemann?

A. Yes, I believe I would. I can't recall them all off hand. I know I did go with Mr. Heidemann other places than Chicago.

Q. For example, where?

A. Well, once in Springfield, Illinois was one I recall vividly. Springfield, Illinois involved quite a large number of doors. I remember the complaint because they had used a detergent on the varnish because of an epidemic, and we went down there and settled it.

Q. Did the Neenah office ever call upon Mr. Heidemann to prepare sketches or layouts of proposed installations of your products?

56 A. We would never call on him, but in the course of his inquiries, particularly on—well, both to Riverbank and otherwise, he would make sketches on his own for the benefit of the customer; that was part of his duties. We wouldn't have to instruct him. That would naturally come to him in the course of his quotations; would be part of his regular work.

Q. Are you familiar, as Treasurer of the Hardwood Products Corporation, with the approximate amount involved in dollars of the royalties which your Company has paid to Riverbank Insulating Door Company, let's say, in the last five years?

A. Last five years? In the last three years I can give it to you fairly accurately. It has averaged between $3,000 and $3,600 a month; and it might be between $2,500 and $3,000 for the previous two years to which you are referring. $35,000 a year, approximately, is the figure I would say would be pretty close. I haven't got the accurate figures with me. Pretty close to that.

Q. What would you say the minimum royalty paid per year has been in the last 10 years; $25,000, would you say?

A. About that.

Q. Do you sign those royalty checks as Treasurer?

57 A. Generally so, but if—I do presently, but if Mr. Kimberly, who is the Chairman of the Board and also has authority to sign, is in the office, he will very likely sign them because he relieves me of that duty. He is only in an hour or two a day. He is semi-retired. He will assist me to sign the checks, but I will check the voucher later.

Q. Do you send those checks out each month to Riverbank Insulating Door Company?

A. For royalties, with the exception of the month of March.

Q. I mean, the practice was—

A. (Interrupting.) The practice was to send them out every month; every month regularly on about the 15th, as soon as the accountant could get them ready.

Q. Did you make it a practice to send along with your checks, or at some other time in the month, a detailed list of the sales made, invoice number, and the amount of sale, amount of royalty?

A. Upon which the particular royalty applied; yes, that went right along with the check generally.

Q. So you might each month send one, two sheets of paper containing a long detailed list?

58 A. Yes.

Q. For example, it might be a royalty of $80 applicable to one order, a royalty of $90 applicable to another, and so on down, but tabulating that list you would get the total amount for which the check was made from the Company?

A. Correct.

Q. Mr. Young, the arrangements which were reduced to writing, I believe it was around the year 1942, between your Company and Firecraft Corporation and Riverbank Insulating Door Company with respect to the procedure to be followed, and the commissions or royalties to be paid on the sale of sound insulating doors by your Company to Firecraft Corporation, all those details were worked out with you as representative of—

A. (Interrupting.) Hardwood Products.

Q. (Continuing)—Hardwood Products Corporation?

A. I was present.

Q. And I believe you signed whatever papers and contracts embodied those agreements on behalf of Hardwood Products, did you not?

A. No, I see it is signed by the President of our Company.

Q. Which one is that, the 1942?

59 A. December 31, '42. You are right, I was in on the negotiations; preliminary negotiations.

Q. It would be fair to say that you were the gentleman that arranged the details, and that they were later approved by Mr. Kimberly?

A. Yes.

Q. And you are familiar with those arrangements?

A. Generally so. It's been 12 years. I might have forgotten something of it.

Q. Well, you are familiar with the general course of dealings in the past 11 or 12 years which resulted from those contracts?

A. Yes.

Q. Are you able to say approximately how many sound insulating door units manufactured under United States Patent No. 2079878 have been sold by your Company to Firecraft Corporation, or Firebar Doors, Inc., or one of its associated companies?

Mr. Fox: I would like to interpose an objection. I don't think the question is relevant to the matter here. The witness has already given you a very specific statement as to sales in the State of Illinois.

60 Mr. Oppenheim: He has covered—

Mr. Fox: (Interrupting.) Why is the transaction of this particular customer of any consequence?

Mr. Oppenheim: He has covered transactions including all their products.

Mr. Fox: That's right.

Mr. Oppenheim: I am only asking now for transactions involving the sound insulating door which—

A. (Interrupting.) To Firecraft you said.

Mr. Oppenheim: (Continuing.) —Which, as I understand it, is the only Company that you sell to that encases these doors in. Is that right?

Mr. Fox: My point is this: that possibly such information might be pertinent to the main issue on the complaint, but on this matter of whether or not this defendant is present in Illinois, I don't see that it makes any difference to you whether he gives you specific information with reference to a specific customer.

Mr. Oppenheim: I really don't want that specifically. I wanted to get an answer to the question really as to whether or not during the past 12 years the defendant has been selling sound insulating doors manufactured
61 under that patent and delivering them in Illinois to Firecraft Corporation or its associates. You may not agree with me as to the relevancy.

Mr. Fox. The question of delivery is one question. Why don't you put it in two questions and ask him if he sells them and then ask him if he delivers them. If that is the point, I didn't realize that.

Mr. Oppenheim:

Q. What has the practice been in connection with Firecraft Corporation, have you sold them a large number of doors since those arrangements were made?

A. Not a large number of doors. The value, on the average, is generally much higher than the average Riverbank door we would sell.

Q. So I understand.

A. Their installations are large, for aircraft doors or something of that type, and the number of units is much smaller compared to dollars and cents value than the average Riverbank door would be.

Q. Well, you probably sold them three, four, five thousand units a year?

A. Approximately that.

Q. That wouldn't be far off?

62 A. That wouldn't be far off.

Q. Within that range, or near that range. And you bill the Firecraft Corporation and its affiliated companies from Neenah, Wisconsin—

A. (Interrupting.) Yes.

Q. (Continuing.)—for those doors, and they send you their checks from Chicago, Illinois?

A. From Chicago.

Q. And would you just state briefly what the arrangement is as to commission or royalties which Riverbank Insulating Door Company derives out of your transactions with Firecraft?

A. There is no commission, but there is a royalty arrangement, naturally. The royalty arrangements on shipments to Firecraft are straight 20 per cent, whereas the royalties on remaining Riverbank doors are on a unit basis. The reason for that being that the Firecraft doors are a—one job might have a 7-foot job and the next job 22-foot doors, so the unit basis wouldn't apply then; therefore, it is on a straight percentage basis on dollar value.

Q. Then you compute the percentage on the dollar value each month?

63 A. Each month.

Q. And remit that to Riverbank?

A. On that same blank we would remit at the bottom, we show Firecraft doors at such a percentage of the total, and that would be included in the same check—same royalty check.

Q. You haven't stopped shipping doors into Illinois, have you?

A. We—are you speaking of Riverbank doors?

Q. Any kind of doors.

A. No, we still ship doors into Illinois.

Q. And you have been doing so continually, and there hasn't been any change in your policies?

A. None whatsoever.

Q. And you are still shipping sound insulated doors to Firecraft, are you not?

A. I don't think we shipped any in the last 30 or 40 days offhand. I think the last shipment was February, because I recall I am looking for the payment of that account; that's why I happen to know it. That was the last shipment made. Might have been some I can't recall.

64 Q. I believe Mr. Heidemann or Mr. Ludlow said there was a shipment or order in about the middle of March. Do you recall that?

A. Might have been. It didn't come in my list of past due accounts. It's when the account becomes past due that I begin to worry, but I wouldn't recall whether we shipped Firecraft.

Q. In other words, it wouldn't come to your attention unless it was past due?

A. It is only when the account becomes long past due, and then I stop shipment; and it's not quite that bad.

Q. Are you familiar with the trouble that arose at the Navy Pier, and the solution of that problem by Dr. Hardy and Mr. Ludlow and Mr. Heidemann?

A. I am not. I vaguely remember it, but I was not in on the solution of the problem. I can't even—if you ask whether it is soundproof doors or other doors, I wouldn't even remember; but I was not in on the solution of the problem.

Q. Are you familiar with the problem which arose in the music study rooms of the Catholic school in the western part, or suburb of Chicago, and some solution that was made?

A. Does this refer also to Riverbank doors?

65 Q. Yes.

A. I was not in on it then because it apparently did not involve a financial settlement. If it involved a financial settlement, I would be in on the final adjustment; but acoustical problems I was not very familiar with. Any

ordinary door complaint I usually handled, but since I am not as familiar with acoustical problems as Ludlow and Heidemann, I have very seldom had to get in on the adjustment, but—unless it involved dollars and cents.

Q. Unless it involved a credit or debit?

A. Yes. Generally, it meant merely the adjustment of stops or correction of some ceiling, or something, because the complaint, in other words, received resulted from improper installation.

Q. It had nothing to do with the door at all?

A. Very often not the fault of the door at all.

Q. If it involved the door Closer, or anything, those technical matters not requiring any financial adjustment,—

A. (Interrupting.) They would take care of it.

Q. (Continuing.)—they were taken care of by Mr. Ludlow and Mr. Heidemann?

A. Mr. Heidemann himself. He knew more about
66 acoustics that I did. He made quite a study of it.

Q. Did you ever have occasion to go through the collection of papers, or letters, or manuals prepared by Mr. Heidemann, with the assistance of Mr. Ludlow, on various problems that arose in acoustics?

A. You mean the Riverbank manual, catalogue?

Q. Whatever you would know about it.

A. Yes, we have a Riverbank manual which is sort of a catalogue on soundproof doors.

Q. Are you referring to a printed manual?

A. Yes, regular catalogue.

Q. Do you happen to have one with you?

A. No, I don't.

Q. How often do you put that catalogue out?

A. Well, we have revised it probably once every three, four years. In fact, it was revised within the last year under a new advertising agency at Green Bay, Wisconsin preparatory to getting our annual advertisement in the Sweets architectural catalogues.

Q. Are you referring to this six or eight page brochure?

A. That was the original brochure.

Q. Do you have a larger one than that?

A. We have reduced it considerably since.

67 Q. Is that what you mean by a manual?

A. That was called the Riverbank manual. I think the six or eight page brochure to which you refer was probably the original Riverbank manual.

Q. Well, that manual was presented in colors and included in Sweets catalogue, and it goes out to various customers or prospective customers?

A. It goes out—it is Sweets architectural catalogue. It goes out to only architects and engineers, but in addition to that we also have had this printed as a manual for ourselves which was distributed to prospective customers.

Q. How many pages is that?

A. The original manual was, I think, six or eight pages. Maybe a later printing it was reduced to, I think, from eight to six; perhaps that was it.

Q. Well, apart from that, do you recall that Mr. Heidemann had in his Chicago office a collection of letters which were prepared by Mr. Ludlow, more or less like form letters, to send out to architects covering questions they raised?

A. Oh, about acoustic problems in doors?

Q. Yes.

68 A. That could very likely be. I am not familiar with them, but I know—see, since Mr. Heidemann was more or less responsible for the sales of Riverbank doors, having the background of acoustics, he did a lot of follow-up from his Chicago office with the help of his stenographer, direct follow-up from his office on the prospective job. He was familiar with the job coming up, and would follow them up and try to get the specifications to include the Riverbank door.

Q. Well, when it came to that, you say that was his job to follow it up; he didn't bother you about it?

A. Not necessarily, but there were occasions when he referred back to me, or Neenah, and wanted somebody that was more familiar with it, and he would say, "Here is something in your jurisdiction. Let's follow it up until we get either an order or at least specifications to include the Riverbank door."

Q. Was Mr. Heidemann authorized to render a statement each month for his traveling expenses on these trips?

A. On our Neenah office?

Q. Yes.

A. Yes.

Q. And was it his practice to send a statement each

69 month to the Neenah office covering trips he had made for the purpose of adjusting complaints, or for the purpose of following up on these architectural jobs you have mentioned?

A. Yes, that could possibly be included along with his regular traveling expense for sale of regular doors.

Q. I understand that you have employed a new Chicago representative.

A. Yes.

Q. What's his name?

A. William Bushnell.

Q. Who was it at Neenah that issued the order that the offices at 75 East Wacker Drive be moved on or about March 15, 1954?

A. Well, the instructions—there were actually no instructions issued. When Mr. Bushnell came in our organization, which was two months ago,—I can't remember the exact date—roughly, he felt that the purpose of serving our Chicago area would be better served if he moved out, and I think it was probably a convenience to himself to the extent—

Q. (Interrupting.) It was close to where he lives?

A. (Continuing.)—it was closer to where he lives,
70 and in the Loop we serve no particular purpose. We have no customers in the Loop. Our customers are in the outlying territory. And Mr. Heidemann also lives on the far north side, so he is closer, although he is in semi-retirement. He is still closer to the office than he was before. The office in the Loop never served any particular Loop purpose, but the change came only when Bushnell himself made the suggestion. I don't know of any particular saving in dollars and cents; probably not. One advantage is that we don't have to entertain customers coming into town, which is very convenient for them to come in the Loop and be taken out to dinner.

Q. Looking for a place to sit down and relax.

A. Want to go to a show or dinner. To go in from Evanston it is a little too far.

Q. Well, I take it from what you say that the entertainment expense was not the motivating factor in the move at all?

A. Oh, no, no, the real motivating factor was Bushnell coming in at this time. He made a suggestion. As a matter of fact, I was in Mr. Heidemann's office before Bushnell came in. I had some idea that we would suggest Mr.
71 Heidemann retire as of about May 1st, and the question of the renewal of the lease on his office came up, and I suggested he just hold it off until we know what this

whole situation is. I knew about the possible change. And so when Bushnell came in his first recommendation was, well, we put this office over on the far north side where it is more convenient for everybody. And probably we wouldn't have thought about it if it hadn't been for this change of personnel.

Q. You would say that the entertainment expenses that Mr. Heidemann billed you for each month were not large, they were nominal?

A. He is a very conservative guy. They are very, very nominal. He might not have any in a course of several months, but old friends of his would occasionally come in and he would have to take them out.

Q. Does Mr. Heidemann have a right to continue under the group insurance policies which your Company has, do you know?

A. You mean as of now? Anybody in retirement can continue group insurance, life insurance; that's a provision of the Prudential policy. So long as he doesn't work anywhere else.

72 Q. And you have no pension or retirement plan in force with Mr. Heidemann?

A. Yes, it is a temporary plan until a permanent pension plan can be adopted. It just applies to him only. Just an agreement we made on a temporary basis until some permanent plan is either proposed and adopted or both. We don't have no permanent overall pension plan in our Company.

Q. Well, he will retire under that agreement with you which, I suppose, you have suggested to him in order to facilitate his retirement; is that right?

A. That's right. We suggested—we said to him, "You are 72 years old. You have worked hard. You just come in a couple hours a day after May 1st, or so, as you feel like it." It is a general understanding. There is nothing wrong, nothing definite.

Q. You have been in Chicago on occasions in the past few years on meetings with Mr. Maulsby Foorst, the President of Riverbank Laboratories, and Mr. Rysdon—

A. (Interrupting.) Rysdon, yes.

Q. (Continuing.) —President of the Firecraft and Firebar companies?

A. Yes.

73 Q. Do you recall a meeting in the Union League Club about three or four years ago?

A. I recall a meeting at the Union League Club with Rysdon and Maulsby Foorst approximately three, four years ago.

Q. About 1950 or so.

A. That's about right.

Q. And Mr. Heidemann was present?

A. He was present.

Q. And Mr. Ludlow was present?

A. I believe Ludlow was present too.

Q. Without going into detail, could you state what the subject matter was that was discussed at that meeing?

A. Frankly, the outcome of that meeting did not result in any signed agreement.

Q. Well, I didn't—

A. (Interrupting.) We were called down there, and I think both Mr. Foorst and I really did not know exactly what this fellow Rysdon was getting at—what he wanted.

Q. This was a meeting called by Mr. Rysdon?

A. Yes, I recall he even picked up the tab. And what had happened apparently was that in the Firecraft Door Company the financial setup was such that apparently
74 they wanted to separate the soundproof door from the remaining products of the Firebar or Firecraft Company; that was the purpose. And apparently the proposal that Rysdon made had bugs in it. Fortunately, Maulsby Foorst saw them first, and I agreed with him afterwards. We were sort of on the same side in that particular meeting. The result was a contract was written up. I have a copy of it here, but it was never signed because I don't think Riverbank Laboratories agreed to it, and I think the plan that Rysdon had in mind didn't go through anyway. But it never resulted in any agreement. But I do recall the meeting very vividly, and if you want the gist of it, it's here.

Q. Did all the people we have mentioned join in the discussion there, Mr. Foorst and Mr. Ludlow?

A. Yes. Oh, yes.

Q. And Mr. Heidemann and Mr. Rysdon?

A. Rysdon, and Rysdon had his attorney.

Q. His attorney's name was Teschner, was it?

A. No, Teschner was the attorney for Hardwood Products.

Q. One of your attorneys. Was Mr. Teschner there?

A. No. We had no attorney at that meeting. We didn't know what it was all about.

75 Q. Mr. Rysdon did have an attorney?

A. Yes, he did. This tentative agreement was drawn up by Rysdon, and I have notes here of its weaknesses so far as we are concerned.

Q. Do you have any objection to my looking at it?

A. No, not at all.

Q. I'd like to ask you what the significant features of the financial arrangement between Hardwood Products Corporation and Charles D. Heidemann were with respect to his employment during the years he has been with the Company; and when I say "significant features", I mean that it is not important to give dollar amounts. For example, he was on a salary basis as I understand.

A. He had a base salary, and then we also paid him a commission on the overall sales of Riverbank doors during the past—that agreement on Riverbank doors was in effect for four, five years, roughly—I can't recall exactly.

Q. You mean the past four, five years?

A. Yes, the past four, five years, and it will remain in effect until May 1st; and then, of course, he was reimbursed for actual expenses, traveling and otherwise, that were paid by him, and any incidental expenses, and
76 that was about all. In other words, salary, commission and expenses.

Q. Well, is he authorized until May 1st to continue to take orders for the Riverbank sound insulating door, and Mr. Bushnell—

A. (Interrupting.) Bushnell is in charge—in charge of the office since he is in there; but working under Bushnell, which he is now, he would take orders.

Q. You say Mr. Heidemann is now working under Mr. Bushnell?

A. Bushnell is the man in charge of the Chicago office.

Q. Yes. Oh, I didn't quite understand that.

A. Well, you might not get that impression from Mr. Heidemann, but Mr. Bushnell is manager of the Chicago office. He has first say on approval of any orders, or anything else.

Q. And Mr. Heidemann is now working under him?

A. Under him, and in this semi-retirement situation.

Q. And as of May 1st Mr. Heidemann will retire?

A. No. He won't leave the office entirely. I don't think he ever can for some time. He never will drop off like that.

Q. Nobody could, I suppose.

A. I wouldn't. He will be around.

77 Q. Well, you said he would come in two, three hours a day.

A. Yes, but under a change in salary, reduced salary, and elimination of commissions.

Q. Well, does his commission arrangement on his Riverbank sound insulating doors continue until May the 1st?

A. Yes.

Q. And thereafter—in other words, on any orders he takes after May 1st he will not be entitled to commission?

A. No.

Q. Will Mr. Bushnell become—

A. (Interrupting.) No, that arrangement did not extend to Mr. Bushnell.

Q. Do they understand that?

A. Yes. Because that was understood that that concession was applied to Mr. Heidemann because he helped through the years to develop the Riverbank doors, potential sales, its technical ideas, and everything else. He assisted greatly in that, and that was sort of compensation for it, and does not extend to anyone else.

Q. Well, and he understands on any orders he takes up to May 1st he will receive commission, but thereafter he won't?

A. Not on orders taken. His case applied to orders

78 shipped. So it wouldn't make any difference what orders he took. Orders shipped only.

Q. All orders shipped before May he will get a commission, and after that he is on this reduced salary basis?

A. That's right.

Q. To your knowledge, is Mr. Heidemann and Mr. Bushnell soliciting orders now for Riverbank insulating doors?

A. I assume so. I am not sure, but I assume they would solicit orders on any kind of door right now—any kind of doors.

Q. In other words, there hasn't been any change in their instructions recently?

A. No.

Mr. Oppenheim: That's all.

Mr. Fox: I have a couple questions.

Reexamination by Mr. Fox.

Q. I would like to clear up these last few questions. I don't think it was intentional, but you spoke of Mr. Heidemann taking orders. Would you explain the manner in which that was actually carried out?

A. That was the same.

Q. Same as the previous. I didn't mean to apply any special technical meaning to the word "taking". I
79 understand that the orders were sent to Neenah.

A. Sent to Neenah, and the order blanks have a statement on the back that they must be accepted at Neenah.

Mr. Fox: I wanted to clear that up for perhaps both counsel and witness.

A. That's general.

Mr. Fox: But the record might not otherwise appear.

Q. So it is understood, such orders as were solicited by Heidemann and Bushnell were orders referred to in Mr. Heidemann's affidavit as having been solicited and then forwarded to Neenah for acceptance there?

A. And any orders still taken under that arrangement.

Q. The other question I want to ask the witness is in connection with the so-called Closers shipped from Geneva to you in Neenah, Wisconsin. Did you ever make a claim against any transportation agency on account of loss or damage to any such shipment?

A. Between Geneva and Neenah? I don't recall any damage claim that we made on shipment of—shipping Closers between Geneva and Neenah. I don't think so.

Q. Do you recall making any claim for loss or damage of any such Closers shipped from Geneva direct to a
80 customer of yours who purchased doors from you?

A. No, I don't think we ever did, to my knowledge or recollection.

Q. Do you have a recollection as to whether the name of your Company appeared on any of the shipping orders from any such shipment?

A. Out of Geneva? I don't think so, but we have had claims for damage of Riverbank doors shipped from Neenah to a customer; occasionally that has happened, and we have made claims for loss. I recall on one or two occasions of shipment of Closers which are shipped separately from Neenah to the customer.

Q. You are familiar, therefore, with the routine in making such claims?

A. Yes, I handle the claims myself.

Mr. Fox: That's all.

Reexamination by Mr. Oppenheim.

Q. In that connection, you are familiar with the fact that the orders that are typed up, of which copies are sent to Riverbank Insulating Door Company and to Mr. Heidemann, frequently contain the notation on the bottom, "Closers to be shipped from Geneva laboratory"?

A. That can happen. I said in emergency cases
81 whenever the door is going to be shipped before the Closer is ready.

Q. What I mean is that the order itself contains that notation on occasions, as will appear from the records? I mean this is nothing—

A. (Interrupting.) Well, the records would show—would definitely indicate such orders.

Q. But—

A. (Interrupting.) Or the manner in which we enter it. I am not quite positive. I could say "Yes" or "No," but the records certainly show how many were shipped and we couldn't disagree on that.

Q. Now, that order blank, or that typed order, would a copy of that also be sent to the customer?

A. Yes, yes, the customer gets the same copy.

Q. How many copies would there be all together? Who would get the original?

A. The original stays in the office. That is, the original typewritten copy stays in the Neenah office.

Q. This blue sheet that Riverbank Insulating Door Company has—

A. (Interrupting.) Yes.

Q. (Continuing.) —is that typical of all the copies; are they blue sheets?

82 A. That's a hectograph copy of the original order as typed at the office.

Q. How many copies would be made on the hectograph in each instance?

A. All together might be as many as a dozen. Each department in the mill would get one; the order department would have one, shipping department would have one,

salesman, customer—sometimes the customer wants two copies. I'd say about a dozen.

Mr. Oppenheim: O.K.

(Witness excused.)

Mr. Oppenheim: Shall we agree to waive the signature of the witness, Mr. Young, to this deposition?

Mr. Fox: It is agreeable with me. Mr. Young, you have a right to refuse this request personally, but I advise—

Mr. Young: (Interrupting.) To what?

Mr. Fox: To sign this deposition.

Mr. Oppenheim: Just so you don't have the trouble to sign it.

Mr. Young: Yes.

Mr. Fox: These reporters are competent and correct.

83 Mr. Oppenheim: If there is any error either side would recognize it. There is no subject we have discussed that I could see where even some minor error could affect the substance of what was said.

Mr. Fox: So agreed.

(Which were all the proceedings had and testimony taken in the above-entitled matter at said time.)

85 State of Wisconsin, } ss.
Milwaukee County. }

I, Stanley H. Enockson, a Notary Public in and for the County of Milwaukee, and State of Wisconsin, do hereby certify that the foregoing deposition of Henry J. Young was taken before me on behalf of the plaintiff, pursuant to waiver of notice and consent under the Federal Rules of Civil Procedure, at the offices of Lines, Spooner & Quarles, 411 E. Mason Street, Milwaukee, Wisconsin; that said witness was by me duly sworn before the commencement of his testimony; that the testimony of said witness was taken Stenographically by me and later transcribed on the typewriter; that during the taking of said testimony the plaintiff was represented by Friedman, Zoline & Rosenfield, by Jack H. Oppenheim, Esq.; the defendant was represented by Lines, Spooner & Quarles, by David A. Fox, Esq.; there being no further appearances; that the taking of said testimony was commenced at ap-

proximately 2:00 o'clock P. M. Central Standard Time on Friday, April 16, 1954, and continued until its conclusion at approximately 3:30 o'clock P. M. of the same day; that upon agreement by counsel for the respective parties, reading and signing of the respective deposition was waived; that I am not connected, by blood or marriage,
86 with either of said parties, or interested, directly or indirectly, in the matter in controversy; that I am not a relative or employee or attorney or counsel of any of the parties, nor a relative or employee of any of the attorneys or counsel, nor am I interested financially in the action.

Dated at Milwaukee, Wisconsin, this 30th day of April, 1954.

Stanley H. Enockson,
Notary Public in and for Milwaukee County, Wisconsin.

(Seal)

My Commission Expires: January 26, 1958.

87 And afterwards on, to wit, the 11th day of May, 1954, there were filed in the Clerk's office of said Court certain Depositions Of Frederick O. Ludlow And Charles D. Heidemann, Together With Exhibits 1, 2, 3, 4, 5, 6, 7, 8 and 8A in words and figures following, to wit:

90 IN THE DISTRICT COURT OF THE UNITED STATES.

* * (Caption—54-C-300) * *

(Filed May 11, 1954. Roy H. Johnson, Clerk.)

The depositions of Frederick O. Ludlow and Charles D. Heidemann, taken before Lucile P. Burns, a notary public of Cook County, Illinois, in Suite 928, 127 North Dearborn Street, Chicago, Illinois, commencing at 10 o'clock a. m., on Thursday, the 15th day of April, A. D. 1954, for the purpose of discovery in accordance with the Federal Rules of Civil Procedure, pursuant to notice and subpoenas.

Present:

Mr. Jack H. Oppenheim, 208 South La Salle Street, Chicago, Illinois, on behalf of the plaintiff;

Lines, Spooner & Quarles, by Mr. David A. Fox, 411 East Mason Street, Milwaukee, Wisconsin, and

Wilkinson, Huxley, Byron & Hume, by Mr. Gerrit P. Groen, 38 South Dearborn Street, Chicago, Illinois, on behalf of the defendant.

92 Mr. Oppenheim: Let the record show that this is a deposition for discovery taken under the Federal Rules of Civil Procedure of the witness Frederick O. Ludlow, pursuant to notice served upon counsel for the defendant on April 8, 1954, which notice has been filed with the Clerk of the United States District Court, and upon which notice of the taking of depositions subpoenas were issued by the Clerk.

I would also like the record to show the subpoena was issued by the Clerk on April 8, 1954, directed to the witness Frederick O. Ludlow and that subsequently I telephoned Mr. Ludlow and asked him if he would appear without the necessity of the actual service upon him of the subpoena, and he said that he would appear at the time

specified in the notice for the taking of the depositions and any subpoena which was directed to him, which is the present time.

That is correct, is it not, Mr. Ludlow?

Mr. Ludlow: That is correct.

93 FREDERICK O. LUDLOW, having been first duly sworn, was examined by counsel and testified as follows:

Examination by Mr. Oppenheim.

Q. For the record will you please state your name?

A. Frederick O. Ludlow.

Q. Where do you reside, Mr. Ludlow?

A. 5619 Dorchester, Chicago.

Q. Now, you have an office or a desk at Firebar Doors, Incorporated?

A. I do.

Q. Is there an office?

A. It is an office, yes.

Q. What is the address of Firebar Doors?

A. 3110 West 51st Street.

Q. In Chicago?

A. In Chicago, yes.

Q. And how long have you had an office there, Mr. Ludlow?

A. For about six years.

Q. Are you in the employ of Firebar Doors, Incorporated, or Firecraft Corporation or any allied Com-

94 pany?

A. I am in the employ of Firebar Doors, Incorporated.

Q. Would you state what your position is with that company?

A. Well, I am treasurer of the corporation and general manager of the door department.

Q. As treasurer do you mean that you are an officer of the corporation?

A. An officer of the corporation, yes.

Q. And do you have a stock interest in the corporation?

Mr. Fox: I wonder if counsel can point out the man-

ner in which the internal affairs of this corporation may be relevant to the matters pending in the proceeding for which this deposition is being taken?

It seems to me we are going into Mr. Ludlow's affairs rather than the affairs of either party to this lawsuit.

Mr. Oppenheim: That is not the case, I will show that the defendant in this case, Hardwood Products Corporation, is doing business in Illinois with Firebar Doors, Inc.

Mr. Fox: Would it be pertinent to inquire who the
95 stockholders happen to be in this corporation?

I don't know a thing about the Firebar affairs, the affairs of that corporation, but I should not think it would be necessary to go into them here.

Mr. Oppenheim: It is a question to show this man's connection and his knowledge of the affairs of the Firebar Doors, Inc.

I don't think it is crucial, but I thought it would be a proper question to ask.

Mr. Fox: It seems to me we are burdening this thing with details that are of no consequence.

Mr. Oppenheim: I am not going beyond that. Do you object to him telling me?

Mr. Fox: No.

The Witness: What is the question?

Mr. Oppenheim: I am not going beyond that.

By Mr. Oppenheim:

Q. The question is, Mr. Ludlow, whether you hold any shares of stock in Firebar Doors, Inc.?

A. I did until very recently.

Q. By that what do you mean?

A. I mean until the last six months, five months.

Q. You disposed of your interests?

A. Yes.

96 Q. About five months ago?

A. Yes.

Q. So you are still treasurer of the company?

A. Until the next meeting, I presume.

Q. You have not resigned?

A. No.

Q. Are you a director of Firebar Doors, Inc.?

A. No.

Mr. Fox: Now, I don't know. I think the witness is here

on your demand to give testimony in connection with this pending matter, and he has certain rights in this affair.

If the question goes beyond anything that is pertinent to this inquiry if the witness objects—I was only offering my statement before in case the witness should have some reason to object.

Mr. Oppenheim: Let the record show the witness has not made any objection. I would like to ask Mr. Fox a question. Do you represent this witness?

Mr. Fox: I do not represent this witness.

Mr. Oppenheim: If you want to make any objections make them on behalf of the defendant here and not the witness.

Mr. Fox: I will govern myself according to the
97 picture as it proceeds here, counsel, and counsel can govern himself accordingly as he sees fit.

Mr. Oppenheim: That is exactly what I am doing.

By Mr. Oppenheim:

Q. Are you a director of Firebar Doors, Inc.?

A. No, I am not.

Q. Have you ever been?

A. No. May I state that Firebar Doors is a wholly owned subsidiary of Firecraft Corporation.

Q. Do you have any connection with Firecraft Corporation?

A. No, I don't have any.

Q. You are not a director or officer of Firecraft Corporation?

A. No, I am not.

Q. Firebar Doors, Inc., is an Illinois corporation. That is a matter of record?

A. Yes.

Q. It is a fact, is it not, that Firebar Doors, Inc., have purchased sound insulating door units from Hardwood Corporation, a Wisconsin Corporation, the defendant in this case?

A. I would correct that to say that Firecraft Corporation purchases the doors from them.

98 Q. Firecraft Corporation?

A. Yes.

Q. An Illinois corporation?

A. That is right.

Q. Now, you have had a long course of dealings in

one capacity or another for one corporation or another which has given you knowledge over a period of years of the approximate number of doors purchased by Firecraft Corporation from Hardwood Products Corporation, isn't that so?

A. Yes, in a general way.

Q. Yes. Will you describe, Mr. Ludlow, the sound insulating units that are purchased by Firecraft Corporation from the defendant Hardwood Products Corporation?

A. Yes. They are all special what we call cores which are used for metal coverings.

When we get those doors we completely metal cover them and coordinate them with our steel work. They are not the ordinary type of soundproof doors as a rule.

Q. These doors are doors which have been covered up to the present time and for nearly 17 years by a patent, isn't that correct?

99 A. That is correct.

Q. Of which you have knowledge?

A. Yes.

Q. That is No. 2079878?

A. I think that is the number.

Q. And to your knowledge the defendant Hardwood Products Corporation has been selling and delivering doors to Firecraft Corporation and/or Firebar Doors, Inc., for the last ten years or more, isn't that true?

A. Correct.

Q. Approximately how many doors per year are delivered and sold by the defendant Hardwood Corporation, Hardwood Products Corporation?

A. That would be a guess on my part.

Q. Well, your best estimate?

A. I would think that, oh, perhaps four hundred doors.

Q. Per annum?

A. Or possibly five or six hundred a year.

Q. Anyway, from four to six hundred doors a year?

A. Yes.

Q. In that general neighborhood?

A. Yes.

100 Q. Has that been the course of dealings in the last ten years or more?

A. Yes.

Q. Mr. Ludlow, I will show you some circular brochures

of Firebar Doors, Inc., and Firecraft Door Division of Firecraft Corporation, and also a circular which is designated Firecraft Door Company. I presume these are of different years?

A. Yes.

Mr. Oppenheim: I will ask the reporter to mark these circulars as Plaintiff's Deposition Exhibits 1, 2 and 3.

Mr. Fox: Are you offering those now?

Mr. Oppenheim: I am asking the reporter to mark them.

Mr. Fox: For identification?

Mr. Oppenheim: Yes.

(The documents above referred to were marked Plaintiff's Deposition Exhibits 1, 2 and 3, respectively, for identification.)

By Mr. Oppenheim:

Q. Would you please examine Plaintiff's Deposition Exhibit 1 for identification and state whether you have ever seen that circular before?

101 A. I have.

Q. Is that a circular put out by Firebar Doors Inc.?

A. That is right.

Q. Of which you are an officer?

A. Yes.

Q. How long has that particular circular been in existence, would you say, or a similar one?

A. That was issued in the fall of 1952.

Q. And is that the current circular which is in Sweet's catalog and elsewhere?

A. Well, it is like it.

Q. There have been some changes, some minor changes, but the substance of it is like this?

A. Yes, the substance of it.

Q. Is this the circular that appears in Sweets catalog?

A. Up to two years ago it did.

Q. Do you have another one now?

A. Yes.

Q. Which is a modification of this?

A. Yes, a modification.

Q. Which essentially represent the same door units?

102 A. I think so.

Q. Referring to page 3 of this Deposition Exhibit 1, it refers to the Riverbank sound insulating door units?

A. Yes.

Q. That is the door which the Firebar Doors encases in steel, is it not?

A. Yes.

Q. That has not changed?

A. No, maybe modified.

Q. That is the door unit which is purchased from Hardwood Products Corporation?

A. Yes, or a modification.

Q. Will you refer to Plaintiff's Deposition Exhibit 2 or, rather, to page 2 of Plaintiff's Deposition Exhibit 1 for identification, where the statement is made:

"Door assemblies are produced by encasing 3-inch Riverbank wood sound-insulating cores (manufactured by Hardwood Products Corp.), with 16 gauge steel facings, welded to 12 gauge perimeter channels."

You are familiar with the statement I have just read?

103 A. Surely.

Q. The situation has been that Firebar Doors, Inc., for the past ten years or more has been continuously purchasing Riverbank wood sound-insulating cores manufactured by Hardwood Products Corporation, isn't that true?

A. Correct.

Q. And are still doing so?

A. And are still doing so.

Q. When was the last delivery, to your knowledge, of these sound-insulating door units?

Mr. Fox: Now, I want to interpose an objection. Much of this has gone forward without any showing of its relevancy or that it is matter pertaining to this deposition, and particularly this question is aimed at eliciting information subsequent to the filing of the bill of complaint in this matter.

Mr. Oppenheim: That has not appeared yet. I am showing the course of business in Illinois, and that is the subject matter of this deposition.

Mr. Fox: I have interposed my objection.

Mr. Oppenheim: All right.

By Mr. Oppenheim:

Q. Mr. Ludlow, to your knowledge when was the

104 last shipment of Riverbank sound-insulating doors by Hardwood to Firebar Doors Inc.?

A. Lets see, about the middle of March, somewhere around the 16th or 18th.

Q. Around the 16th or 18th of March, 1954?
A. Yes.
Q. Will you state approximately how much per door is paid by Firebar Doors Inc. or Firecraft Corporation to the defendant Hardwood Products Corporation?
Mr. Fox: Now, counsel, you had better explain where that is pertinent.
Mr. Oppenheim: It is pertinent to show the amount that is involved in this lawsuit, which is one of the issues you have raised.
Mr. Fox: If the witness has an objection to giving an answer—
Mr. Oppenheim: The witness has made no objection. I object to counsel interposing and suggesting that the witness make objections.
You are not counsel for the witness, and you are just trying to disturb this witness at the instance of the defendant.
Mr. Fox: The rules with references to federal depositions are not designed for the purpose of prying into
105 the affairs of parties not involved in this suit, and I have a perfect right to make this observation.
Mr. Oppenheim: You can make observations, but don't tell me what the witness wants to object to. He is telling the facts here.
Mr. Fox: Have you told him he might have a right to object to this question himself? Will you please tell him that?
Mr. Oppenheim: I have told him he has a right to be represented by counsel. I have spoken to his counsel and his counsel told him he could testify.

By Mr. Oppenheim:

Q. Isn't it true you have consulted with counsel, Mr. Samuel Lewis?
A. Not specifically about it.
Q. But he knew you were coming up here to give this deposition?
A. Yes.
Q. And it is perfectly all right?
A. Yes.
Q. The record shows what has been said.
Mr. Fox: Will counsel please instruct the witness that if he has an objection to a question of that nature he has a right to object to answering it?

106 Mr. Oppenheim: It is not my function to instruct the witness.

Mr. Fox: I have no way of knowing whether the witness objects to it or not.

Mr. Oppenheim: All you are concerned about here is that this witness is telling the facts to which you have some objection to giving out.

Mr. Fox: I have a right to object to a question as being irrelevant.

Mr. Oppenheim: That is true.

Mr. Fox: As to what was paid for the doors.

Mr. Oppenheim: That is irrelevant. It has nothing to do with whether the witness objects. You have the right to make objections, but you have no right to suggest objections to the witness. That is all I am saying.

You can make any objections you want to on behalf of the defendant.

By Mr. Oppenheim:

Q. Mr. Ludlow, is the average price of those doors $500 or more?

A. I couldn't answer that.

Q. How much is it, do you know?

A. No. There is no way of getting at it, because 107 no two doors are alike. They are all special.

Q. The cores you buy from Hardwood Products Corporation?

A. They are all special.

Q. What is the lowest price and what is the highest price?

A. I have no knowledge.

Q. You understand that that is a simple matter to get at. You have some copy, don't you?

A. Not without getting it from the estimates and finding out from the bills. I don't know from a wide margin what the cost is going to be delivered.

Q. All right.

A. Delivered and invoiced.

Q. Do you sell these Firecraft doors containing these insulating units?

A. No, only in connection with our own metal covered doors.

Q. That is what I mean. That is what I asked you. You sell these metal covered doors containing these insulating units, don't you?

A. Yes.

Q. You have been doing that for a period of years?

108 A. Yes.

Q. What is the range of prices at which they sell?

A. I couldn't tell you.

Q. You have sold them and quoted prices?

A. Yes, sir, but there are no two alike. This is not a merchandising deal.

Q. What is the lowest price and the highest price you have knowledge of?

A. I couldn't tell you without reference to the records. There is no relationship between those doors they furnish to us and the ordinary merchandising doors.

Q. I understand that. Did you ever sell the Firecraft door for less than $500?

A. I don't sell the Firecraft—oh, you mean the Firecraft?

Q. Yes. Do you ever sell one of them for less than $500?

A. Yes.

Q. How much did you sell it for, $400?

A. I couldn't tell you.

Q. How did you know that you sold it for less?

A. That is just my judgment.

Q. What is your judgment of the lowest price you

109 ever sold a Firecraft door at?

A. Well, say $300.

Mr. Oppenheim: All right.

I will ask the reporter to mark this letter as Plaintiff's Deposition Exhibit 4 for identification.

(The document above referred to was marked Plaintiff's Deposition Exhibit 4 for identification.)

Mr. Fox: Let the record show counsel is not interested in permitting us to examine the marked exhibit.

Mr. Oppenheim: Just a minute. There is no call for that at all, none whatsoever. You will have ample opportunity to see it.

I will object to counsel reaching over and pulling papers from me when I am having them marked.

By Mr. Oppenheim:

Q. Now, Mr. Ludlow, I will ask you to look at Plaintiff's Deposition Exhibit 4 for identification and ask you

whether or not you recognize the reproduction, photostatic reproduction of your signature thereon?

A. Yes.

Q. Now, will you read Plaintiff's Deposition Exhibit 4 to yourself, Mr. Ludlow, to refresh your recollection as to its contents?

110 A. Yes, I think I am familiar with the contents of that.

Q. You recognize that to be a photostatic copy of a letter you wrote to Riverbank Laboratories?

A. Yes.

Q. To Mr. Maulsby Forrest?

A. Yes.

Q. That you wrote?

A. Yes.

Mr. Oppenheim: Let the record show that I am now showing Plaintiff's Deposition 4 for identification to counsel for the defendant.

The Witness: May I glance at that just once more?

Mr. Oppenheim: Yes, of course.

The Witness: All right.

By Mr. Oppenheim:

Q. Mr. Ludlow, do you know Charles D. Heidemann?

A. I do.

Q. How long have you known him?

A. Seventeen years.

Q. When did you first meet him?

A. I first met him in 1935. Wait a minute. Yes, 1935.

Q. And where did you meet him, in Chicago or
111 elsewhere?

A. I met him in Chicago.

Q. At that time was Mr. Heidemann connected with the defendant Hardwood Products Corporation?

A. I believe so.

Q. And when did you first have any occasion to do business with Mr. Heidemann?

A. It all depends on what you mean by doing business with him.

Q. Well, whatever you did. What was your first business relationship with him?

A. I think he was the first representative of Hardwood Products that I ever met and, as I recall it, it was through him that the Riverbank door was brought to the attention of Hardwood Products.

Q. And was it through you that the Riverbank sound insulating door was brought to the attention of Mr. Heidemann?

A. Yes.

Q. And were you the gentleman that first tried to interest the defendant Hardwood Products Corporation in the manufacture and sale of such a door?

A. Correct.

Q. Where was Mr. Heidemann's office when you
112 first first met him, was it in the Loop in Chicago?

A. I think so.

Q. Was it at 75 East Wacker Drive?

A. I think that is where it was.

Q. During all those years from the time you first met him until some time in the middle of March 1954 Mr. Heidemann's office was at 75 East Wacker Drive in Chicago?

A. I think that is correct.

Q. And about how many times a year would you say in the last 17 years that you had occasion to go to that office?

A. Once or twice a year, I think. I seldom went to the office.

Q. About once or twice a year?

A. Yes. I was thinking over that, and I believe in the last year I was over there twice.

Q. All right. Now, during all that time the name of Hardwood Products Corporation appeared on the door, didn't it, where Mr. Heidemann was?

A. I can't tell you. I never paid any attention to it.

Q. I see. Now, that office at 75 East Wacker Drive, was that on the eighteenth floor?

113 A. That moved, they moved around, I think, a number of times

No, I think they were down lower than that when I first sent there, and they moved several times in that building.

Q. In the same building?

A. Yes.

Q. Now, the last office they had in that building was partitioned into two parts, one for a girl to work in and one where Mr. Heidemann had his desk?

A. Yes, I think it was.

Q. What was the name of the young lady who worked up there?

A. I have no idea.

Q. Now, it is true, is it not, as you state in your letter, Plaintiff's Deposition Exhibit 4 for identification, that over a period of years in the past you had occasion to make trips with Mr. Heidemann?

A. Yes.

Q. Is that right?

A. That is right.

Q. Would you briefly describe what those trips were?

A. I think that might be a good example to say
114 this: Mr. Heidemann got word that they were having trouble with an installation made in a Catholic school.

Q. What school was that?

A. A Catholic school. I don't remember the name of it.

Q. Was that in Chicago or outside of Chicago?

A. Outside of Chicago. It was a school where they had a music school, and they had put in Hardwood Products doors, and they were complaining about the result.

Q. Are you referring to a door encased in steel by Firecraft?

A. No.

Q. You are just referring to a door manufactured by Hardwood Products under a patent, is that correct?

A. Yes. Mr. Heidemann was not sure he would be able to find out what the trouble was, and he asked me to go along with him.

We went up there and spent nearly a day to determine where the trouble was, and found out it was not the doors.

Q. Were you an expert on that, so to speak?

A. Yes.

Q. As compared to Mr. Heidemann?

115 A. He referred almost everything of that nature to me, and sometimes we would go out together on trouble shooting expeditions, and sometimes work out the kind of answer that should be given to the customer.

Q. For Mr. Heidemann?

A. Yes.

Q. Then he would give it to the customer, is that right?

A. Everything, either he or the home office. I never knew which.

Q. Do you recall how many miles away this particular school that you mentioned was from Chicago?

A. It was somewhere out on the west side. I had never been there.

Q. Was it in Chicago?
A. No, outside of Chicago.
Q. In one of the western suburbs?
A. I think so. He drove me out there.
Q. It might be in Cook County or DuPage County or something of that sort?
A. I think so, yes.
Q. It was in one of the counties in Illinois?
A. Yes.
Q. And he drove you out there?
116 A. Yes.
Q. Just to pursue that example, Mr. Ludlow, when you got out to the school where was the door installed?
A. There were a whole series of doors.
Q. Hardwood Product Corporation doors?
A. Yes.
Q. That had been installed in that school?
A. Yes, that had been installed in that school. I think there were some forty doors or something like that, and they were having trouble. Sound was getting out from the practice rooms into adjoining rooms.
Q. These were music rooms?
A. And they blamed the doors.
Q. These were music rooms?
A. Music classrooms, practice rooms.
Q. And the purpose of installing the doors was to insulate the outside against the sound coming from the inside of the particular room?
A. Or from one room to another room.
Q. From one room to another room?
A. Yes.
Q. How many of those doors did you and Mr. Heidemann examine that day?
A. We examined all of them.
117 Q. What did your examination consist of, generally?
A. We examined generally, and the first thing was to determine whether or not the doors had been properly installed, and whether the sealing devices were adequate, and were all working. There is an automatic bottom closing device.
Q. A threshold closer?
A. Yes, a threshold closer that sometimes has to be adjusted, and in that particular case I found everything in perfect order, and it couldn't be the doors.

Consequently, we looked elsewhere and found the trouble in the fact that the noise was going up through the porous ceiling and spreading out and down through another porous ceiling, and we also found the walls themselves were inadequate and not as good as the doors.

I reported to the superintendent of the building just what my findings were.

Q. In other words, you went into the superintendent's office with Mr. Heidemann?

A. He was with us.

Q. And you had a discussion there with the superintendent?

118 A. Yes.

Q. The trip you made out there resulted from a call from Mr. Heidemann, a call Mr. Heidemann had made to you?

A. Yes.

Q. That he would pick you up and take you out there, is that right?

A. That is right.

Q. Is that instance or example you have given us typical of many trips you have made in the past years with Mr. Heidemann?

A. Very typical. That is why I referred to it.

Q. I thought we could get this down by a typical example.

A. Yes.

Q. How far away would you travel with Mr. Heidemann, what would be the farthest you would travel?

A. I went up to New York State with him quite a few years ago. I can't remember the date. That was the longest trip we made. I remember that we made a trip together down to Indianapolis.

Q. For a similar purpose?

A. What is that?

Q. Was that for a similar purpose?

119 A. No, not at that time. It was to consult with the architect of the Allison plant.

Q. At Indianapolis?

A. At Indianapolis, yes.

Q. Mr. Heidemann drove you down there to discuss with them the possible use of doors?

A. I am not sure whether he drove me down.

Q. You went?

A. Or whether I drove him down.

Q. At any rate, you went together?
A. Yes.
Q. In an automobile?
A. Yes.
Q. The purpose of that was to discuss with the architect in Indianapolis the use or suggested use of Hardwood Products Corporation doors in the construction of a building there, is that right?
A. It was to determine whether or not they would use wood doors or metal covered doors, so I was in two capacities there.
Q. I see. Now, when you say in your letter, Plaintiff's Deposition Exhibit 4 for identification, that you teamed up with Mr. Heidemann in settling serious complaints
120 you mean that there were times when the situation was more serious than the one you described at that Catholic school, is that right?
A. Do you want an example of it?
Q. Yes.
A. All right. The Navy Department complained of an installation in Navy Pier.
Q. In Chicago?
A. In Chicago. And they were using a series of rooms for training men in the handling of codes, and they wanted those rooms to be completely isolated from the standpoint of security.
The Hardwood Product doors had been installed there, and Mr. Heidemann called me up and told me of the situation, that the reports were the doors were only giving half the value they should.
Q. You mean the sound insulation?
A. Yes, that was the report from the Navy Department. And he brought out how serious the situation was.
Q. How many doors were involved?
A. Not many. I think it was only four or six. They had these little cells in which they held their meetings and did their code work.
I felt that was perhaps beyond my capacity, so I got Dr. Hardy who is the head of Armour Research
121 Acoustical Department to meet us, and go with us, so between the two of us we found out all the trouble there.
Q. Who went there, you and Dr. Hardy and Mr. Heidemann?
A. Yes, that is right.

Q. You went to Navy Pier?
A. Yes, Navy Pier.
Q. Do you recall the officer in charge there?
A. Yes. No, I don't recall his name. There were a number of officers, quite a party.
Q. There were a party of officers there?
A. Yes.
Q. Did they go around with you and look at the doors?
A. Yes, and Dr. Hardy climbed all over that building, and finally he found the ventilating system was working just as though it was a speaking tube.
Q. Mr. Heidemann was along with you during all these inspections?
A. Yes.
Q. With the officers and yourself?
A. Yes.
Q. And Dr. Hardy?
122 A. That is right.
Q. Where did you meet Mr. Heidemann that day to go over there, was it at his office?
A. No, I think I brought Dr. Hardy down there, and we met out at the Pier.
Q. Mr. Heidemann had called you and asked you to get Dr. Hardy?
A. No, he hadn't. That was my own idea.
Q. In other words, Mr. Heidemann called you and told you the situation?
A. What the situation was, yes.
Q. You believed it was serious enough, from what he had described, for you to go and to get Dr. Hardy?
A. Yes.
Q. And you told him you would get Dr. Hardy, is that right?
A. That is right.
Q. Would you tell us this Dr. Hardy's first name, if you recall?
A. No, I don't recall that.
Q. Where does he live, Mr. Ludlow?
A. Where does Dr. Hardy live?
Q. Yes.
A. He lives in the city here somewhere.
123 Q. How long have you known him?
A. Some eight or ten years, I would say.
Q. Is he an engineer?
A. He is head of the Acoustical Department of Armour

Research, now Illinois Tech, and a man of considerable reputation in acoustical work.

Q. Yes. Had you had occasion to call Dr. Hardy previously or since that time to make some inspection with Mr. Heidemann and yourself?

A. No, that was the only case we brought him in on, but I have in connection with a fire barn house had occasion to.

Q. I see. In that instance was Dr. Hardy doing that as a favor to you or on a professional basis?

A. I thought he was doing it on a professional basis, but as it turned out he would not take any remuneration for it. He said it was one of the most interesting trips he had made, and that he got a lot out of it.

Q. Who offered him remuneration?

A. I did.

Q. You did?

A. Yes.

Q. For Firebar Doors Inc.?

124 A. No, not for Firebar Doors Inc. They were not involved in it at all.

Q. For Firecraft?

A. No, for Riverbank. It was our responsibility.

Q. The Riverbank Sound Insulating Company?

A. Yes, it was their responsibility to furnish this technical advice.

Q. In your letter, Plaintiff's Deposition Exhibit 4 for identification, you say that in the month of April 1953 you had eighteen consultations both with the Neenah and the Chicago offices of Hardwood Products on technical matters?

A. Yes.

Q. When you wrote that letter you had consulted your calendar pad?

A. I had, because I had drawn off a list because I was surprised at the amount of time I had devoted to this.

Q. When you say you had those consultations with the Hardwood Products Chicago office what do you mean by that?

A. That Mr. Heidemann would call me.

Q. To come out to the office there?

A. No. He would describe some situation that 125 he had to have technical advice on, and I would either give it to him or work out some sketches to show what I thought would be the solution of his problem, purely on a technical basis.

Q. Will you go into a little more detail on that one example, so we will know?

You say that would be a typical example that you have in mind, where he called you on the telephone and told you that was a technical problem?

A. Yes.

Q. Now will you take that and describe what did he tell you and what did you do?

A. There were so many.

Q. Take one of them.

A. I will give you this description. He called me to say an architect somewhere in the South had wanted to divide up a cafeteria, rather, isolate a cafeteria from I think a gymnasium, or some such room, and he was puzzled as to how they could work that out to have a door that would cut the noise out from the interior and at the same time be able to serve through those doors, so one door had to open one way and the other door had to open
126 the other way, and he wanted our advice as to what could be done to handle the swinging of the doors in opposite directions and at the same time properly seal them.

That was quite a problem. It is very difficult to seal them. The architect's first idea was they wanted double acting doors that would swing either way, but you can't seal them.

Q. This is what Mr. Heidemann told you?

A. No, Mr. Heidemann told me what the situation was.

Q. What did you then do?

A. It was up to me to advise him what to tell the architect.

Q. What did you do, make some sketches?

A. I made some sketches.

Q. Will you describe those sketches for us, generally?

A. The sketches?

Q. Yes. How many pieces of paper were there?

A. I think only one.

Q. With a sketch on it?

A. Yes, I made the sketch myself.

Q. What did the sketch show?

A. The sketch showed how the doors were, how they would mesh, although they operated in different
127 directions, that they would come together and be sealed at the center, and one door would have to be always for ingress and the other for egress.

Q. That is something you worked out for yourself?

A. Yes, I had had experience, had experienced problems of that sort. But the difficulty with that particular problem, Mr. Heidemann didn't think it would be feasible from the standpoint of hardware and the method of putting it on, and the bottom closing device.

Q. Did you take the sketch to him?

A. We worked over that for possibly three days or four days. It was a simple thing.

Q. When did you show him the sketch?

A. I showed him how that could be worked out.

Q. You took the sketch to his office?

A. No, I sent it by mail.

Q. You sent it by mail?

A. Yes.

Q. And when he got the sketch he called you back?

A. Yes.

Q. And discussed it?

A. Yes.

Q. And that was over a series of three or four
128 days?

A. Yes.

Q. You had a long serie of discussions?

A. Yes.

Q. Based on this sketch you submitted to him?

A. Yes.

Q. Would you say that is typical of other instances in those years that you consulted with Mr. Heidemann?

A. Yes, very typical.

Q. Mr. Heidemann would call you and tell you there was a particular problem?

A. That is correct.

Q. And you would make a sketch?

A. Sometimes yes, and sometimes not.

Q. If you made a sketch you would usually mail it to him?

A. Yes.

Q. At his office at 75 East Wacker Drive?

A. Yes.

Q. You would mail it to 75 East Wacker Drive?

A. Yes.

Q. And then he would get the sketch and discuss it with-
you?

129 A. Yes.

Q. Sometimes you wouldn't make a sketch but you

would discuss over the telephone what the solution would be?

A. As I mentioned, during that period of time they would be put out from the Neenah office, doing the same thing.

Q. Now, Mr. Ludlow, you have spoken to Mr. Heidemann, haven't you, in the last few days since I have discussed this with you?

A. He called me up last night.

Q. And you had a discussion with him about the fact that he was going to give a deposition here today and so were you?

A. Not a discussion. We merely passed the time of day, that he was expected to be here at eleven o'clock, and I said perhaps we would pass in the corridor, but we didn't have any discussion.

Q. Where is his office now?

A. I don't know where it is. They moved somewhere up on the north side, but I don't know just where it was.

Q. I beg your pardon?

A. I don't know just where it is. They moved 130 somewhere to an office on the north side.

Q. Were you present in Chicago when they moved the office from 75 East Wacker Drive and they told you about it?

A. Was I in Chicago?

Q. You were in Chicago when Mr. Heidemann told you the office was moving?

A. Yes, I think I found out the hard way. I tried to get him on the telephone and couldn't, and I was referred to another telephone, and then I found out they had moved to a new office.

Q. Have you been to the new office?

A. No.

Q. Did you ever have any occasion, Mr. Ludlow, to go over this question of threshold closers with Mr. Heidemann?

A. I presume you are referring to the manufacture of those?

Q. And the shipment of them?

A. No.

Q. Would Mr. Heidemann ever call you about those threshold closers to find out when they were going to be shipped, or things of that sort?

A. No, that was all home office.

Q. Will you tell us what you know, if anything,
131 about the registration by the Hardwood Products Corporation of the trade name "Riverbank"?

Mr. Fox: I will interpose an objection here. Counsel has not shown this is pertinent to the questions involved in this motion.

Mr. Oppenheim: I am taking the deposition for discovery, and I can go into any phase of discovery.

By the Witness:

A. Mr. Heidemann assured me this would not be anything that was in dispute between myself and the Riverbank Laboratories.

By Mr. Oppenheim:

Q. That is true. Does that involve something?

A. Yes, I would say you are getting into that area.

Mr. Oppenheim: I see.

Mr. Fox: My objection was that I couldn't see the relevancy.

Mr. Oppenheim: Well, let the record show that I assured Mr. Ludlow and his counsel, Mr. Lewis, yesterday that I would not inquire of Mr. Ludlow into any matters that might touch upon his relationship with Riverbank Sound Insulating Door Company or Riverbank Labo-
132 ratories and that I would limit my inquiry as to matters in which he personally had no, let us say, contested interest.

For that reason I want the record to show that in one of the interrogatories on this deposition—and I reserve the right to go into it or to have further discovery at a time when this witness' counsel can be present if we deem it advisable.

Mr. Fox: I take it from counsel's statement that if the merits of the main issue on the complaint are to be tried counsel would like an opportunity to again examine this same witness with reference to the merits of the dispute.

Mr. Oppenheim: Yes, that is right, on subjects not gone into here today.

Mr. Fox: I am perfectly willing to have that understanding.

I would like to clear up an inadvertent misconception here, however; this witness is not the managing agent, employee, officer or otherwise identified with the defendant in the instant case.

Mr. Oppenheim: No, he is just a witness.

Mr. Fox: He is just a witness, that is right. The examination of the witness, however, has been much in the fashion of cross-examination, with a great many
133 leading questions.

Mr. Oppenheim: That is discovery.

Mr. Fox: Which I have not objected to.

Mr. Oppenheim: That is what discovery is. This is not the kind of examination you would conduct in court if you were going to prove the matter. On discovery you can go into matters that are not even relevant if they would lead to something else.

Mr. Fox: I don't dispute that with counsel, but I am calling attention to the fact this is not the deposition of an adverse witness.

Mr. Oppenheim: Is is not the kind of examination under the statute where you can examine the other side adversely and not be bound by their testimony. This is a deposition for discovery and the uses to which it might be put are governed by the Federal Rules.

Mr. Fox: That is correct.

Mr. Oppenheim: I think that is true, however they might apply.

Mr. Fox: That is correct.

Mr. Oppenheim: I will agree with you it is not examination of an officer of the defendant corporation as an adverse witness.

Mr. Fox: That is right.

134 By Mr. Oppenheim:

Q. Now, this lady that works for you out at Firebar Doors Inc. is Mrs.—what is her name?

A. Meader.

Q. How do you spell that?

A. M-e-a-d-e-r.

Q. What is her first name?

A. Frances.

Q. She acts as your secretary?

A. She is the secretary of the president of the company, Mr. Rysdon.

Q. Rysdon?

A. Yes, R-y-s-d-o-n.

Q. But she handles your secretarial duties when you require them, is that correct?

A. That is correct.

Q. Now, when Mr. Heidemann would call you at Firebar Doors Inc. and you were not there he would leave messages with Mrs. Meader, is that right?

A. Sometimes. It would depend on who was on duty at that time. She might be busy, and one of the other girls would answer.

Q. If she was not there at all to take messages or wasn't available then one of the other girls would
135 take a message?

A. Yes.

Q. You would then call him back, is that right?

A. Yes, that is right. Usually it would be the switchboard operator.

Q. What is that?

A. Usually the switchboard operator.

Q. How many times a year for the last ten years has Mr. Heidemann come out to your office at Firebar Doors Inc.?

A. I don't recall.

Q. Just approximately, just roughly?

A. Probably two or three times a year.

Q. Those were occasions when he would discuss the technical problems with you, just as he did over the telephone?

A. Yes, sir, usually when we were coming back from some trouble shooting trip, and we would stop at the office and sit down and discuss it further.

Q. Did Mr. Heidemann ever give you any copies of the reports he made to the home office at Neenah about the trips?

A. He may have. I don't recall any particular one.

136 Q. You do recall that he made these written reports to the Neenah office and sometimes you would see copies of them, is that right?

A. I can't think of any specific case where I had a copy of his report.

Q. He may not have given them to you, but you saw them? He showed it to you?

A. I am not sure. I have no recollection.

Q. Of any particular report?

A. Of how we handled it with his home office.

Q. I understand you have no recollection of any particular report, but there were occasions when he would

explain in the report something you had explained to him and he would show you how he explained it?

A. I presume so.

Q. So it would be clear, is that right?

A. Yes, I think so.

Q. In other words, you were a technical expert and he was a man that was reporting to Neenah on these trouble shooting trips?

A. Now, what reports he turned in I have no knowledge of at all.

Q. I understand you have no knowledge of his report, but you did have occasions when he showed you some
137 of the language he was putting in the report?

A. No, I don't.

Q. I see.

A. I don't recall it. There were occasions where he had written to architects and I had sketched out the letter for him, and he would send me a copy.

Q. That was the subject I was getting at. Maybe I should not have emphasized the reports to the Neenah office, but the point was that you did get copies of some of his communications to architects, didn't you?

A. Yes, I did.

Q. And those were communications where he set forth the technical ideas that you had given him, is that right?

Mr. Fox: Now, wait a minute. Before the witness answers that let me say I made plain a few minutes ago that I have been quite restrained here about leading questions, but we have just been through such a series of leading questions that it is very difficult to tell whether there is any other testimony given other than that of counsel.

This is an ordinary deposition and I don't want to extend it by being technical, but I think there should be
138 some effort to let the witness give the testimony.

Mr. Oppenheim: I will accept your suggestion, Mr. Fox.

I asked him only certain questions. I will ask him now only direct questions, and then I will ask the witness to explain, rather than my asking questions requiring an affirmative or negative answer.

By Mr. Oppenheim:

Q. Will you describe, Mr. Ludlow, a typical situation involving Mr. Heidemann's transmitting to an architect

the ideas that you had developed for him and which were embodied in writing? Tell us just about how that would occur.

A. That is a difficult question to ask me.

Q. Answer it to the best of your ability.

A. I have written in the past years so many parts of letters.

Q. To architects?

A. To architects, or that could be used for architects. I think Mr. Heidemann compiled or had a file of these letters that I had drafted, and he kept them for reference to use on other occasions. I think he would put them in his own words, but refer to my drafts.

139 Q. In other words, he had the file of material prepared by you?

A. Yes, and by Dr. Sabine.

Q. By Dr. Sabine?

A. Yes.

Q. Which he would use for the purpose of writing letters to architects?

A. Yes.

Q. In regard to these doors?

A. Yes.

Q. The architects that Mr. Heidemann wrote to were various places in the country?

A. That is right.

Q. In Illinois and outside of Chicago, is that right?

A. Yes.

Q. I would like to ask you, Mr. Ludlow, whether this statement in your letter, Plaintiff's Deposition Exhibit 4 for identification, where you say you have talked with and corresponded with architects and prospective customers in Hardwood Products' interest—

A. Yes.

Q. (Continuing)—when you make that statement do you mean to say that you have ever been compensated

140 directly by Hardwood Products Corporation for such work?

A. Never. I was acting as a member of the partnership.

Q. When you say then that you were acting in Hardwood Products Corporation's interest you mean that there was a mutual interest in the sale of these doors between the plaintiff, Riverbank Laboratories, the defendant Hardwood Products Corporation and this entity Riverbank In-

sulating Door Company, and also Firecraft Corporation? They all had a mutual interest?

A. Yes.

Q. A mutual financial interest in the furtherance of these sales, is that right?

A. That is right.

Q. If Hardwood doors were sold you yourself eventually would receive some financial benefit through some commission basis or something of that sort?

A. Through Riverbank.

Q. Insulating Door?

A. Through Riverbank Insulating Door.

Q. What was Mr. Heidemann's practice in connection with the obtaining of orders through the architects you have mentioned? By that I mean there was a time
141 during which he was soliciting an order and where you were helping him work out technical data for architects, for presentation to architects?

A. I presume so. I wouldn't know what his relationship with the architect would be.

Q. I understand that.

A. It would be a technical problem.

Q. Now there was a time you have described when Mr. Heidemann would consult with you about technical problems or he would have to explain these problems to these architects?

A. Yes.

Q. The solutions to technical problems?

A. Yes.

Q. He would do that in connection with the solicitation of orders?

A. Yes. You understand an architect does not buy doors?

Q. I understand that he makes the plan and specifications.

A. That is right, he specifies, and they may be bought by anybody.

Q. After the orders were obtained what was Mr. Heidemann's practice in going over the details of the
142 order?

A. He didn't go over them.

Q. With you?

A. I had nothing whatever to do with that.

Q. After the order was received?

A. Or before it.
Q. I understand.
A. It was purely a technical consultation. I don't know whether he obtained the orders or not.
Q. You would not know whether he obtained the orders?
A. No.
Q. So as to that you would have no knowledge?
A. I would have no knowledge.
Q. Where do you keep your files of correspondence with Mr. Heidemann, your past correspondence? Do you keep those out at the Firebar Doors Inc.?
A. Yes.
Q. Does Mrs. Meader file those away for you?
A. No, I file them away myself, and the files are pretty badly messed up.
Q. Do you have copies somewhere in your files of this material you got up for Mr. Heidemann that he had a file of in his office?
143 A. I presume so, although I think he has a more complete file than I have. From time to time I have cleared out my files and thrown some away. This goes over a period of years, and it has not been my practice to keep everything I had done. After three or four years I will throw everything out, but I think he has a very complete file.

Mr. Oppenheim: Off the record now.
(Discussion off the record.)

By Mr. Oppenheim:

Q. Just to clear up the record now, you have answered some questions about Plaintiff's Deposition Exhibit 1 for identification. I will ask you to look at Plaintiff's Exhibit 2, Plaintiff's Deposition Exhibits 2 and 3 for identification, and see if you recognize those printed circulars?
A. Yes, I recognize them. This is war time stuff.
Q. You are referring now to Plaintiff's Exhibit 2 for identification, which at the bottom contains the legend "Firecraft Door Division, Firecraft Corporation."
You say that is some war time material?
A. Yes, that is.
144 Q. You would say between 1945 and '46 or '44?
A. It was before that. That was during the war.
Q. Between '42 and '45?
A. Yes.

Q. 1942 and 1945?

A. Yes, I recognize that, because these drawings show the substitution that was forced on us during the war.

Q. You are referring to page 5 of the exhibit?

A. Yes. You see, that has nothing to do with the Hardwood Products.

Q. Yes. Is this Plaintiff's Deposition Exhibit 2 for identification a circular that Firecraft Corporation put out, and did it appear in Sweet's catalog?

A. It did.

Q. Now, would you look at Plaintiff's Exhibit 3 for identification, which has a legend at the bottom, "Firecraft Door Company" and tell me is there such a company by that name, or does that refer to—

A. There was.

Q. There was?

A. Yes, the original company was the Firecraft Door Company.

Q. Is that the same corporation?

145 A. It was later changed to Firecraft Corporation.

Q. Changed to Firecraft Corporation?

A. That is right.

Q. All right. Now, would you look at Plaintiff's Deposition Exhibit 3 for identification. Is that familiar to you?

A. Yes, it is all familiar to me.

Q. Can you place that approximately as to the year?

A. Well, from the location here, 3319 Wallace Street, it must have been prior to—let's see, it must have been prior to 1944 or 1945, or '45, I would say prior to that.

Q. I see. That Deposition Exhibit 3 for identification is another circular that appeared in Sweet's catalog?

A. That is correct.

Q. All these circulars, Exhibits 1, 2 and 3 for identification, were circulated to any trade that might be interested in these doors?

A. Yes.

Q. Architects, engineers and others?

A. That is right.

146 Mr. Oppenheim: Now, for the record I will ask that Plaintiff's Deposition Exhibits 1 to 4, inclusive, be attached to and made a part of the deposition.

I will ask you, Mr. Fox, whether you waive signature to this deposition, or do you want to do that?

Mr. Fox: As far as I am concerned. Of course you will

have to have the witness' consent also, but as far as the defendant is concerned, yes.

Mr. Oppenheim: Mr. Ludlow, I will submit this deposition to your counsel, Mr. Lewis, for examination.

The Witness: Yes.

Mr. Oppenheim: And will you waive the signing on this deposition yourself if he agrees to waive it? Do you know what I mean? So you don't have to go to the trouble of spending further time?

The Witness: Yes, certainly.

Mr. Oppenheim: If it is agreeable to him?

The Witness: If it is agreeable to him it is agreeable to me.

Mr. Fox: On the record and before we pass on the matter of the exhibits, I believe there was an offer by counsel.

Mr. Oppenheim: I just asked to have them attached to the deposition.

147 Mr. Fox: You are not offering them at this time, but you will offer them at the time of the offering of the deposition?

Mr. Oppenheim: I can't offer them in evidence.

Mr. Fox: It is not relevant to any issue before the Court now on this motion, as to those catalogs. As to the letter itself, I don't object. That will be as to Exhibits 1, 2 and 3 this objection is entered, and not as to Exhibit 4 for identification.

Mr. Oppenheim: Well, I might say on the question of relevancy that these circulars indicate on their face that the doors sold by Firecraft Door Company, Firecraft Corporation and Firebar Doors Inc. contained sound insulation units manufactured and sold by the defendant Hardwood Products Corporation.

Mr. Fox: The witness' testimony confirms that, and as far as the circulars are concerned they are pertinent only to the fact that they are resold by these Chicago concerns.

Mr. Oppenheim: I am putting them in for the purpose of showing the Chicago companies purchased them and have delivery made in Chicago and have them encased in steel.

Mr. Fox: I doubt they show the purchase. They
148 show the resale, but not the purchase. That does not, however, make a great deal of difference.

Mr. Oppenheim: We will not argue. That is my theory of the relevance of it.

The Witness: Those purchases had nothing to do with the Chicago office.

Mr. Oppenheim: This is off the record.

(Discussion of the record.)

Mr. Fox: Were you finished, counsel?

Mr. Oppenheim: Yes.

Mr. Fox: No cross-examination.

Mr. Oppenheim: For the record or on the record, I don't care, do you want to order a copy?

Mr. Groen: You are not through?

Mr. Oppenheim: There will be another witness. You can decide that later.

Mr. Groen: I think probably we will.

(Whereupon a recess was taken until 2 o'clock p.m. of the same day, Thursday, April 15, 1954.)

149 Thursday, April 15, 1954,
2:00 o'clock p.m.

The depositions were resumed pursuant to recess.

Present:

Mr. Oppenheim,

Mr. Fox.

Mr. Oppenheim: Let the record show this is a deposition for discovery of Charles D. Heidemann, taken under the same notice referred to in the proceedings this morning, and also we have the same counsel present.

Is Mr. Groen going to be here.

Mr. Fox: Mr. Groen is not going to appear this
150 afternoon, but it will not make any difference in the appearances, I suppose.

CHARLES D. HEIDEMANN having been first duly sworn, was examined by counsel and testified as follows:

Examination by Mr. Oppenheim.

Q. Would you please state your name for the record?
A. Charles D. Heidemann.
Q. Where do you reside?
A. 5404 North Glenwood.

Q. In Chicago, Illinois?
A. Chicago.
Q. You were served with a subpoena duces tecum to appear here at this time, were you not?
A. Yes.
Q. And served on April 8, 1954?
A. I believe that was the date.
Q. Do you have a copy of the subpoena you were served with with you?
A. Yes. Do you want it?
Q. Yes, will you please produce it.
151 A. (The witness handed a document to Mr. Oppenheim.)

Mr. Oppenheim: The witness has produced a copy of the subpoena duces tecum which I will ask the court reporter to mark as Plaintiff's Deposition Exhibit No. 5 for identification.

(The document above referred to was marked Plaintiff's Deposition Exhibit No. 5 for identification.)

By Mr. Oppenheim:

Q. Mr. Heidemann, are you employed by Hardwood Products Corporation, a Wisconsin corporation?
A. Yes.
Q. The defendant in this case?
A. Yes.
Q. How long have you been employed by that company?
A. Thirty years. It is thirty-three, I guess. It has been a long time.
Q. Since 1921?
A. Thirty-three years.
Q. And during your employment in those thirty-three years have you always resided in Chicago?
A. No, I have resided in St. Louis, Cleveland and Rock Island.
152 Q. Well, could you briefly state the various years you lived in those cities.
A. Rock Island, on or about 1924; St Louis, perhaps for two years, beginning with 1926, and then back to Chicago and I think we opened an office in Cleveland on or about 1930 or '32. It was approximately that, I wouldn't say that is exactly it.
Q. How long were you in Cleveland?
A. About two years.
Q. Well, now, from the present time, going back con-

tinuously, have you been in Chicago since about 1934 or 1935?

A. I think we came back to Chicago in 1932 or 1933.

Q. And you have been in Chicago continuously since then?

A. Continuously since.

Q. Were you in Chicago from 1921 to 1924?

A. Yes.

Q Now, I understand that on or about March 15, 1954, the Chicago office was moved from 75 East Wacker Drive to another address, is that right?

A. Yes, that is right.

Q. Can you give us the present address?

153 A. 1607 West Howard.

Q. During the periods when you were in Rock Island, St. Louis and Cleveland who was in the Chicago office of Hardwood Products?

A. Mr. Albert W. Coxe.

Q. Is he still living?

A. No.

Q. Did you employ Mr. Coxe?

A. No.

Q. Your first contact with the insulating door units covered by the patent owned by Sabine and Riverbank Laboratories was approximately when, 1937 or 1936?

A. I wouldn't be able to say definitely. It was shortly after—I rather think it was shortly after they had received those patents.

Q. Do you recall that it was Mr. Ludlow that contacted you first?

A. Yes.

Q. That is Frederick O. Ludlow?

A. Yes.

Q. And was he the gentleman that explained to you the features of the sound insulating unit that was the subject matter of that patent?

A. Yes, that is right.

154 Q. Where was your office at that time when Mr. Ludlow called on you?

A. 75 East Wacker Drive.

Q. Did he show you the drawings for the door that had been preparted by Dr. Sabine at that time?

A. I don't know whether at that time he showed me the drawings or just discussed the detail.

Q. He explained the features of the door?
A. The features of the thing, that is right.
Q. Now, did he ask you to try to interest Hardwood Products Corporation in the manufacture and sale of such a door?
A. His purpose was to get the doors on WGN at the time, and I saw the merits of the door and asked him if he would be interested in our promoting the sale.
Q. That is to say, he had a prospective order from WGN?
A. He did, yes.
Q. And he thought that Hardwood Products Corporation might produce that door?
A. That is right.
Q. For him?
A. That is right.
Q. Or for his associates?
155 A. Or for his associates.
Q. And when you saw the merits of the door, as you say, you then took it up with some of the people?
A. That is right.
Q. At Neenah?
A. That is right.
Q. Did you write to them or did you go to Neenah?
A. I talked to them over the telephone.
Q. Who came down here then to discuss it with Mr. Ludlow?
A. As I recall, we went together, Dr. Sabine, Mr. Ludlow and myself.
Q. You went to Neenah?
A. Yes.
Q. Was there a discussion there with Mr. Young?
A. I think Mr. Young and Mr. Kimberly, and I wouldn't be surprised if Mr. Boehn also, the superintendent. He was the factory superintendent, and he entered into this discussion on the merits of the door.
Q. How many meetings did you attend with these people and Mr. Ludlow?
A. Oh, I couldn't say. I don't recall a meeting after that. We had gone up to Neenah for various reasons.
156 Q. You mean you and Mr. Ludlow?
A. Mr. Ludlow, yes.
Q. On several occasions?
A. On several occasions.

Q. Afterward, as you know, a contract was made between Hardwood Products Corporation and a partnership known as Riverbank Insulating Door Company?

A. Yes.

Q. After that contract was entered into did you look to Mr. Ludlow for technical assistance?

A. I did.

Q. Will you describe the technical assistance that he gave you?

A. Well, if there would be a complaint I would call him up and he would either give me information or the both of us would call on the complainant together.

Q. As I understand it, that was sort of trouble shooting?

A. Yes.

Q. As I understand it, you made a number of trips from time to time with Mr. Ludlow on these trouble shooting expeditions?

A. Sometimes on promotion as well as trouble shooting.

157 Q. Did Mr. Ludlow go along on the promotion trips, too?

A. Several times.

Q. Where were these trips to?

A. The first trip I recall was made at the Allison Company in Indianapolis, and that was to determine whether or not it would be advisable to use these doors, metal covered doors, or just the wood doors as we make them.

Q. What do you mean by promotion, Mr. Heidemann?

A. Sales promotion. That was not trouble shooting, but it was a case of he assisting me in the introduction of that door for that particular purpose.

Q. That was at Indianapolis?

A. That was at Indianapolis, yes, the Allison Company.

Q. You say he did the same thing on other occasions with other companies?

A. There was another call we made to Albert Kahn Company in Detroit. He had specified he was building a radio studio, and it was our purpose to see or try to get our door used in that studio, and we were told at that time to go out and get a reputation and come back and see them.

158 Q. This was before you acquired your reputation?

A. This was before we acquired our reputation.

Now, those are the two trips that I recall. That was promotion trips.

Q. Now, besides the sale of your sound-insulating doors what other products of Hardwood Products Corporation did you solicit orders for?

A. Hardwood doors. They are essentially a hardwood door manufacturer, and that is what I solicited.

Q. How far would you travel from Chicago in soliciting those orders?

A. I traveled from here to Salt Lake City, and I made trips to Seattle, Winnipeg, down throughout Texas, Colorado, and east as far as Rochester, and the whole southern territory.

Q. Did you have anybody assisting you on these trips?

A. Well, at that time Mr. Coxe had charge of the Chicago office, and I was out promoting and identifying the company.

Q. You mean he was in charge of the Chicago office before you were?

A. Yes, I succeeded Mr. Coxe.

159 Q. Now, when did his connection with the company terminate, when he died?

A. On or about 1941 or 1942. It was either the latter part of 1941 or 1942, I am not too sure.

Q. So at that time or up to that time the years you spent in Chicago were under Mr. Coxe?

A. Yes.

Q. While he was a member of the Chicago office?

A. That is right.

Q. Then you became a member of the Chicago office, I mean, you became the head of the Chicago office?

A. Yes.

Q. Had Mr. Coxe employed you?

A. No.

Q. Did you ever employ anybody later to help you?

A. No.

Q. Since then you have carried on yourself?

A. Carried on myself.

Q. You had a young lady in the office during this period?

A. Yes.

Q. A secretary?

A. Yes.

160 Q. Is she still working for you?

A. No. I married her.

Q. All the more reason for asking that. In this office at 75 East Wacker Drive you have continuously had somebody working there as a secretary?

A. Oh, yes, we have had a Miss Lutz and a Miss Conway.

Q. Is Miss Conway the one who does your secretarial work now?

A. No, Miss Hodgson, I think.

Q. Do you still make these trips in that territory you have described?

A. No, I am on retirement.

Q. Well, what do you mean by that, sir?

A. To take place, to become effective May 1st.

Q. When did you start making those trips?

A. From the very time they employed me.

Q. And you have made them up until recently?

A. Until about seven years ago my trips were rather spread out.

Q. You mean you didn't make them as frequently?

A. No, I didn't make them in the routine manner I did before.

161 Q. When you went on these trips would you leave literature at the places you called upon, describing the doors or products of your company?

A. On occasion, yes.

Q. And you had taken an order for Hardwood Products Corporation doors, if you had taken those orders, it was the practice of your vendees to make the complaint to you if there were complaints to be made, is that right?

A. They would make them to the factory or they would make them to me. Very largely to the factory, and then the factory would transmit them to me.

Q. How were they transmitted to you?

A. Through the main office.

Q. Just letting you know?

A. Call me or write to tell me if I was in the vicinity of this spot to call on the customer and make an adjustment if possible, that is, if there were complaints.

Q. In and about the Chicago area you usually would get the complaints by telephone yourself?

A. They would usually be telephone complaints.

Q. You would do what you could to go out and adjust those complaints?

162 A. Yes.

Q. And you would usually call on Mr. Ludlow for assistance?

A. Yes, on the Riverbank door.

Q. Yes.

A. The Riverbank door was a small portion.

Q. A small portion of your business?

A. Yes.

Q. Can you name some of your large customers in Chicago for doors other than the sound-insulating door?

A. Harris Brothers, Illinois Interiors, Hartman-Sanders, Sterling Lumber and Millwork, and General Cabinet.

Now, at one time during Mr. Coxe's regime—there has been a change in the design and the doors that we now make fit the requirements of these concerns I have mentioned, and therefore sales efforts were concentrated on those concerns.

Q. You would say, wouldn't you, that the amount of Hardwood Products Corporation doors, either insulating doors or other doors, shipped into Chicago to those concerns, has been running $100,000 or more annually in sales?

A. No, not on Riverbank.

163 Q. No, but on both.

A. It exceeds that.

Q. That has been the situation, you would say, for the last ten or fifteen years.

A. Oh, yes.

Q. Would you say the companies you have named are your customers?

Mr. Fox. Wait a minute. I don't think that is necessary here. He has named people, and now you are asking the witness for a conclusion.

By Mr. Oppenheim:

Q. Did you take the orders from those companies?

A. I don't recall taking any order, that is, literally taking an order.

Q. How is it done?

A. Either by quotation, or we have price schedules, and they place the order on the basis of those schedules and send them in to Neenah direct, or some times they send them to the Chicago office and they would be transmitted to the Neenah office.

Q. As I understand it, you have received a part of your compensation during the last thirty years from this Hardwood Products Corporation in the form of a salary?

164 A. That is right.

Q. In other words, you have continuously been on a salary as part of your compensation?

A. That is right.

Q. What other form of compensation did you receive from the company?

A. Well, for a time if expenses didn't exceed a certain amount I got a certain per cent.

Q. Per cent of what?

A. Per cent of total sales. If my salary—how was that? My salary and expenses.

Q. Whatever it might be, you had some arrangement?

A. Some arrangement.

Q. Where you might get an additional bonus?

A. That was sort of a bonus arrangement, and that was eliminated after the depression years and after we got going on the Riverbank doors I got a commission on those doors, on the sale of those doors.

Q. In addition to your salary?

A. In addition to my salary.

Q. Now, on the subpoena certain records are described or you were called on to produce those. Have you been able to find any of those records?

165 A. I have brought a few here. For instance, there are some checks. This is the last check with Riverbank, and these are materials we bought. These I had at home.

Here is a statement, here are the leases. Those were in a cash box, and that accounts for the reason I have those.

Here is my last pay check as of March 15th. That is an accumulation for this year's earnings, so far, that is, you see.

Here is a statement they issue for my income tax, and that includes commissions and salary, that is, the gross amount.

Q. What was the arrangement you had with Lincoln Tower Building at 75 East Wacker Drive?

A. Just according to this lease here.

Q. You leased the premises there?

A. Yes.

Q. How did the Hardwood Products Corporation compensate you for the rent?

A. Well, after each month I would render an expense statement. They didn't advance me the money. I paid them out of my own.

Q. In other words, you paid the rent of $168.50
166 a month?

A. That is right.

Q. To the people at 75 East Wacker Drive?

A. Yes.

Q. You paid that yourself?

A. That is right.

Q. And then you would pay what else?

A. The water bills, and I think I had a telephone there.

Q. And incidental expenses for stationery and things of that kind?

A. Yes.

Q. And telephone?

A. Yes.

Q. Western Union Telegraph?

A. Yes.

Q. Whatever that amounted to each month you would render a statement at the end of the month?

A. That is right.

Q. To the Neenah office?

A. Yes.

Q. And they would reimburse you?

A. Yes.

Q. That had been the situation?

167 A. Yes, and then too, this young lady asked me inasmuch as we were moving whether they should keep any of the records, and I said that they were of no value to us, and that accounts for the fact the records have been destroyed.

Q. I didn't ask you that.

Has the situation you have described been the same way since 1935 or so?

A. Yes.

Q. Continuously?

A. Yes, that is right.

Q. And you are still doing that?

A. I am still doing that. No, I am not doing that now. My successor is taking care of these things.

Q. You mean—

A. I did it up until this last check here. This is $168.50, this one here, for rent.

Q. Who is your successor?
A. W. Bushnell.
Q. Does he reside in Chicago?
A. I think he resides in Winnetka.
Q. Have you been showing him the ropes in the last month or so?
A. Yes.
168 Q. Training him?
A. Well, whatever information he wants I have been trying to give it to him. I have only been spending an hour or an hour and a half a day at the office.
Q. You expect to retire May 1st?
A. May 1st, yes.
Q. And Mr. Bushnell has been employed to take over the duties there?
A. That is right.
Q. The duties that you have had before?
A. Yes.
Q. Where is the new office?
A. 1607 West Howard.
Q. Howard?
A. Yes.
Q. Did you rent that office the way you did this other one?
A. No, I didn't rent it. Mr. Bushnell did.
Q. Mr. Bushnell rented it?
A. Yes.
Q. As I understand it, you moved from the office at 75 East Wacker Drive on or about March 15th?
A. It was either the 13th or the 15th.
Q. Of March, 1954?
169 A. It was on a Saturday. If that was on the 13th, then it was that date.
Q. You had paid the rent for the month of March, 1954?
A. Yes.
Q. By check for $168.50?
A. Yes, that is right, for the month of March.
Q. And that is your check No. 2200 on the National Boulevard Bank of Chicago?
A. That is right.
Q. Have you paid that to Lincoln Towers?
A. Yes.
Q. Then at the end of March or on or about April 1st,

you sent a statement to Hardwood Products including this rent and these other items?

A. That was the only expense item I had.

Q. That was the only expense item you had?

A. Yes.

Q. Did you attend a meeting with Mr. Maulsby Forrest and Mr. Young and Mr. Rysdon in 1953, respecting—

A. Was that at the Hamilton Club?

Q. The Attic Club?

A. On Jackson Boulevard.

170 Q. Oh, the Union League Club?

A. Union League, yes.

Q. The subject matter of that meeting was a discussion about the relationship of Riverbank Laboratories and Riverbank Insulating Door Company to Hardwood Products?

A. What was that? Will you repeat it, please.

(The question was read.)

By the Witness:

A. I don't just recall just what that was about. It was some specific reason, and I don't recall now unless I was reminded.

Q. You discussed the mutual interest you had?

A. That is right.

Q. Mutual dealings of the people I have described?

A. Yes, that is right.

Q. That is why they were all there?

A. Yes, that is why they were all there.

Q. You took part in the discussion?

A. Yes.

Q. And Mr. Rysdon did?

A. Yes.

Q. And Mr. Young did?

171 A. Mr. Young, and Mr. Ludlow. I don't think I contributed very much to it.

Q. But you took part in it?

A. I attended it.

Q. The Mr. Young you have mentioned is Mr. Henry Young who is one of the officers of your company?

A. Yes.

Q. The Mr. Rysdon you mentioned is Mr. Louis Rysdon, isn't he, of Firecraft Corporation, or Firecraft Door?

A. I guess they call it Firebar Doors.

Q. They have a number of names?

A. A number of names.
Q. A number of corporations?
A. Yes.
Q. At your office in Chicago you kept a file of correspondence with Mr. Ludlow with respect to technical matters?
A. No.
Q. Well, you had a file of letters he had prepared for architects for you?
A. No.
Q. He testified this morning that he submitted some letters to you.
172 A. When we developed what we call a manual.
Q. What was that?
A. That was what we had more or less collaborated on between us in the development of that.
Q. Will you describe what that is?
A. It is more or less a catalog covering the features of the Riverbank door, its performance and qualities and decibel rating and tests, and so on and so on.
Not so long ago he had written a letter, and we used a letter he had written on a revision to that manual on some advertising matter, and I am sure the originals of those things all went to the Neenah office.
Q. You would write letters to architects, as I understand it?
A. Yes.
Q. Where would these architects be, say, at the Allison Company in Indianapolis?
A. No, this is the way I would do this: We subscribed to magazines, for instance, the Broadcast Magazine.
Q. Beg pardon?
A. The Broadcast Magazine. When a station would make application to FCC—
173 Q. You mean Federal Communications?
A. Yes.
Q. That is just for the sake of the record.
A. Yes, that is right, and we would introduce our door.
Q. To the company making the application?
A. Yes, to the company making the application.
Q. How would you do that?
A. By writing a letter and enclosing what we call our manual.
Q. You would have a girl do that for you?

A. Yes, it was sort of a form.

Q. You would write these or would she write these letters?

A. They were form letters, or mimeographed letters with my signature.

Q. Then what would occur?

A. Then we would watch through Broadcast Magazine as to whether FCC had issued a grant, and if they had issued a grant, we would get in touch with the station again and an order would come through our regular channels or the contractor.

Q. How would you get in touch with the station again?

174 A. If FCC would give them a grant.

Q. You would call them?

A. We would call them or write them.

Q. Would you telephone them?

A. In some instances, but mostly it was a letter.

Q. You would write them a letter?

A. Yes, we would write them a letter.

Q. That letter was not a form letter when they got the grant?

A. Yes, more or less a form.

Q. Then on the occasions when you got responses to those letters—you did get responses on occasions?

A. That is right.

Q. When you got a response to the letter what would you do?

A. The response was usually a request for quotation, giving sizes and ratings, decibel ratings of these doors.

Q. Would these requests usually come from architects?

A. No. Some of them would come through the station itself, some of them would come through our regular trade channels, and some would come through contractors.

Q. What contractors in Chicago have you transacted business with?

175 A. Oh, have you got a telephone book?

Q. Is there one or more than one?

A. There was one—well, we furnished quite a number of doors for the Catholic schools, but I just don't recall the name, but he is out of business now.

Q. In such a case what did you do?

A. In such a case we furnished some to real estate com-

panies, one on Michigan Avenue, is a doctors' building, psychiatrists and such.

Q. Is that Hogan and Farwell?

A. Not Hogan and Farwell. Let's see, what other concern in that?

Q. Well, whatever it might be, the name of the real estate company is not too important. Would they contact you and ask you to come over and explain to them?

A. That is right, if they couldn't give us information over the telephone I would go over and take the measurements and make a recommendation as to what rated door they should use.

Q. You are referring to the sound-insulating doors?

A. I am referring to sound-insulating doors, yes.

Q. During this period of years I suppose you acquired a certain fund of technical information yourself, did
176 you?

A. I presume so.

Q. Through Mr. Ludlow?

A. It started through Mr. Ludlow, and then Dr. Sabine.

Q. Dr. Sabine?

A. Yes.

Q. So after a while you were able to go through some of these inquiries and more or less judge for yourself what their needs were?

A. Yes. For instance, Holabird & Root had a telephone job in around Gary, and they had a peculiar situation, and I submitted drawings for their approval.

Q. Did you make those drawings yourself?

A. Yes, sir.

Q. Who did you deal with at Holabird & Root?

A. Mr. Scott.

Q. The name of the firm now is Holabird & Root & Burgee?

A. Yes.

Q. Mr. — who?

A. Mr. Scott. Ordinarily I see Mr. Richardson.

Mr. Oppenheim: This is off the record.

(Discussion off the record.)

177 The Witness: I called on Pace architects.

By Mr. Oppenheim:

Q. Pace Associates?

A. Yes, and Schmidt, Garden & Erikson and Barry and Kay.

Those are a few I remember.

Q. This transaction involving Holabird & Root & Burgee, you say they came to you?

A. This is the way this came about concerning Hammond, Indiana: They sent us a schedule and said they would like to have me call on the architects, Holabird & Root & Burgee, and discuss this particular opening.

Q. What do you mean by an opening, do you mean for a door?

A. Opening for a door, yes. It is one of the unusual things, a sliding door.

Q. An opening to be closed by a door?

A. We refer to them as door openings.

Q. The only reason I mention that is because it might have been ambiguous, an opening for a job or an opening for a sale.

A. We discussed that in great detail and various suggestions were made.

178 Q. By "we" whom do you refer to?

A. Mr. Scott: The drawing was made in one suggestion, and then there was an alternate suggestion, and an order was placed with Landeck in Hammond, and we were producing the door for the Hammond Landeck Millwork Company.

Q. I didn't quite follow you as to who sent the alternate suggestion to Holabird & Root & Burgee?

A. We did. They indicated their requirements, and there were two ways of handling that requirement, and I developed them into drawings, embracing one suggestion and an alternate suggestion.

Q. You developed them in Holabird & Root's office?

A. In my own office. It was blueprinted and submitted in three copies, one for ourselves, one for Landeck and one for the architect. So they accepted the alternate suggestion.

Q. What did you do with Holabird & Root & Burgee?

A. Just discussed the details with them. I discussed with them what would be acceptable to them and what would not be acceptable.

Q. You went up to their office?

A. Yes, I went up to their office, and I don't recall
179 whether Mr. Ludlow was with me at that time or not. I don't think so.

Q. Did you go to Navy Pier with Mr. Ludlow on one occasion?

A. Yes.
Q. Did one of the officers of the Navy call you?
A. Yes, they did. The contractor called me.
Q. The contractor for the Navy?
A. Yes, for the Navy.
Q. Do you recall who that was?
A. I don't recall who it was, but it was Pace.
Q. Pace Associates?
A. They were the architects, yes.
Q. They told you there was some problem over at Navy Pier?
A. That is right. They had complaints for the Navy that a door as installed was not up to the decibel requirements, so we employed Dr. Hardy.
Q. That is, you and Mr. Ludlow got Dr. Hardy, is that right?
A. Yes.
Q. Was Dr. Hardy a friend of yours or a friend of Mr. Ludlow's, or both?
A. I wouldn't say he was a friend of either one.
180 Q. Did you know him as well as Mr. Ludlow did?
A. No, possibly not.
Q. In other words, you say you employed him, but what happened was that you discussed it with Mr. Ludlow?
A. I discussed it with Mr. Ludlow and I took it up with the Neenah office, and they approved of our employing Dr. Hardy to make this test.
Q. Did Dr. Hardy send you a bill for his services?
A. I don't recall that.
Q. You don't recall?
A. If he did he sent it to the Neenah office. I presume he did.
Q. At least you didn't see any?
A. I didn't see any, no.
Q. On some occasions, as I understand it, Mr. Heidemann, you would take payment for products sold but you didn't make a practice of it, is that right?
A. I don't recall ever taking payment.
Q. You don't recall any occasion?
A. No, I don't recall ever receiving a dime, even a deposit.
Q. I see.
A. Mr. Young handled all credits.
181 Q. Now, since you have been in charge of the Chicago office, how many times has Mr. Young visited

you in Chicago per year, once or twice a year, would you say?

A. Oh, I would say maybe at least four times a year.

Q. Four times a year?

A. I would say that. Sometimes he would be down here and there would be long stretches in between, but I would say four times a year.

Q. On an average?

A. About an average, yes.

Q. And what business would he take up with you when he came here?

A. Well, as an example, if we were trying to negotiate a sale and I didn't feel I would have the authority to do certain things, I would turn it over to Mr. Ludlow—

Q. To Mr. Young?

A. To Mr. Young, yes, and we would possibly call on the customer together.

Q. I see. Do you recall any particular customers you called on together?

A. Oh, just called on all of them, just a general
182 visit, just as a call.

Q. I mean these corporations you have named.

A. Yes, more or less a courtesy call.

Q. That gave you the bulk of your Chicago business?

A. That is right. I would say many of those calls were courtesy calls.

Q. But you and Mr. Young would go over there and make the calls?

A. That is right.

Q. This happened about four times a year?

A. Sometimes when he would come down we would not make calls at all.

Q. And sometimes you would?

A. Sometimes we would.

Q. On what occasions did he come to Chicago to take up some special matters with you?

A. I don't just recall anything specific at the moment. Well, say that a customer made a complaint on an installation of doors and I didn't feel competent to make that adjustment, then I perhaps would have Mr. Young call, or both of us would make the call together.

Q. Do you recall any such specific instance?

183 A. For instance, I did go out of town on them.

Q. Where?

A. There was a job in Indianapolis, a hospital, and Burnham were the architects and they specified comb grain white oak, and the doors were produced and two years afterwards a fault developed, and the contractor—I forget his name—called me up and said he anticipated trouble with the doors.

Q. That was a contractor where you had taken the order?

A. No. The order was taken through the Louisville Lumber and Millwork Company at Louisville.

Q. Had you taken the order?

A. I don't recall whether I had taken it.

Q. On a quotation you had made?

A. Very likely a quotation. I just don't recall.

Q. What I am really asking you is, how did that happen that they called you rather than called Neenah?

A. I had met the contractor and he knew we had furnished the doors and this fault was where the veneer had checked, and Mr. Young was in the office at that time and I said, "Henry, we had both better run down there."

Q. He happened to be in the Chicago office at that time?

184 A. Yes.

Q. At this time this came in?

A. Yes. This contractor said we should go through the hospital and not identify ourselves, but just look at the doors, which we did, and we determined it was due to washing down these doors with a strong detergent, and the adjustment we made was on the basis of we took a quarter, the contractor a quarter, who was John Felmley, and then the architect a quarter, and the building a quarter, and the doors were replaced.

Things of that sort that Mr. Young and I would co-operate on.

Q. In the course of years you may have had situations like that in Chicago?

A. Yes.

Q. Where he co-operated with you?

A. Yes.

Q. You would say there were some situations in Chicago during the course of the years such as you have described here?

A. Yes, something like that. He did a little trouble shooting with me.

Q. On the more unusual situations or when he was with you in Chicago, he would go out with you?

185 A. He had the authority to make the adjustments, which I didn't feel I had.

Q. You only made the adjustments in those cases where you had the authority?

A. That is right. Finally it was accepted, it was all accepted by the Neenah office.

I brought this along (indicating a document).

Mr. Oppenheim: This is off the record.

(Discussion off the record.)

Mr. Oppenheim: Back on the record.

By Mr. Oppenheim:

Q. The Chicago office of which you had charge would submit estimates to various people?

A. That is right.

Q. On a form which was printed by the home office?

A. Yes, that is printed by the home office.

Q. And it was the same form that was used by the home office?

A. That is right.

Q. Except you took the printed form and you would strike out the "Neenah, Wisconsin"?

A. That is right.

Q. And put "Chicago, Illinois" on the caption of

186 that form?

A. That is right.

Q. Showing the estimate originated from the Chicago office?

A. Yes.

Q. Is that right?

A. Yes, that is right.

Q. What occasions have you had to go out to see Mr. Rysdon at Firebar?

A. Well, really I have had no occasion to see Mr. Rysdon at all. I would just go out and visit him when I would call on Mr. Ludlow.

Q. I see.

A. To qualify that a little further, when we first started out to introduce the door for the test room purpose.

Q. Did you say best?

A. Yes.

Q. Or did you say test room?

A. I should have said test room purposes. Mr. Rysdon

and Mr. Ludlow and myself traveled together a little bit and, for instance, we called on Buick.

Q. Buick?

A. Yes, Buick Company.

187 Q. Where, in Detroit?

A. And Packard and Ford.

Q. In Michigan?

A. Yes, but that was the only occasion. That was really at the beginning.

Q. Does Hardwood Products Corporation have any retirement contract with you?

A. No.

Q. Did Hardwood Products Corporation have any group insurance plan or anything of that sort?

A. Oh, yes, they have group insurance and have health and accident.

Q. And you would receive a certificate showing you were under that plan?

A. Yes.

Q. The same as other employees, is that right or wrong?

A. Yes. That is Blue Shield.

Q. And Blue Cross?

A. Blue Shield and Blue Cross, yes, and the insurance, I think, is Prudential.

Q. Prudential Insurance Company?

A. Yes.

Q. They had a group policy, too?

188 A. Yes.

Q. In which you have a certificate?

A. Yes.

Q. Mr. Heidemann, you have had an opportunity to have an interview with the Chicago attorneys representing the Hardwood Products Corporation?

A. Yes.

Q. Before coming up here, haven't you?

A. Yes.

Q. And you did have such an interview?

A. Yes.

Q. And that was after the service of the subpoena?

A. That was yesterday.

Q. That was yesterday, you say?

A. Yes.

Mr. Oppenheim: Off the record.

(Discussion off the record.)

Mr. Oppenheim: Back on the record now.

By Mr. Oppenheim:

Q. Mr. Heidemann, were you familiar with the practice of the Hardwood Products Corporation to submit to the Riverbank Insulating Door Company a copy of every order filled?

189 A. I presume that is what they did.

Q. Did you ever see any of these (indicating)?

A. No. I presume I did have copies of the same th[illegible]

Mr. Oppenheim: I will ask the reporter to [illegible] this paper Plaintiff's Deposition Exhibit 6 for identification.

(The document above referred to was marked Plaintiff's Deposition Exhibit No. 6 for identification.)

By Mr. Oppenheim:

Q. Would you look at Plaintiff's Deposition Exhibit 6 for identification and state whether or not you recognize the type of information on there?

A. Yes.

Q. What does it appear to you to be?

A. It is an acknowledgement of an order or a copy of the acknowledgement.

Q. You received copies?

A. Yes.

Q. Of the same blue sheet?

A. Of the same blue sheet.

Q. Blue or white sheets?

A. Yes. That represented a credit. In this case—excuse me, I would get a copy of these here.

190 Q. So you would say Plaintiff's Deposition Exhibit No. 6 for identification is a typical order filled?

A. Yes, that is right. This is an order of acknowledgement, not an invoice.

Q. An order acknowledgement?

A. It is an order acknowledgement, yes.

Q. And you would receive at your office in Chicago a copy from the Neenah office?

A. That is right.

Q. Of the acknowledgement such as this one?

A. Yes.

Q. Were you familiar with the fact that the Riverbank Insulating Door Company also received a copy of each acknowledgement?

A. I would presume that they did.

Q. Now, the notation near the foot of this Plaintiff's

Deposition Exhibit No. 6 for identification is "Closer from Laboratory at Geneva, Illinois."

Are you familiar with the significance or the meaning of that notation?

A. Yes.

Q. Would you state what it is?

A. We would perhaps have certain stock items in
191 certain sizes in stock, and this represented a special size, so they would make a requisition against the laboratory for these closers to apply on this particular order.

Q. You are familiar with the fact that Hardwood Products Corporation would send a requisition to Riverbank Insulating Door Company for the manufacture of special size threshold closers?

A. That is right, applying to these particular orders.

Mr. Oppenheim: I will ask the reporter to mark this Plaintiff's Deposition Exhibit 7 for identification.

(The document above referred to was marked Plaintiff's Deposition Exhibit No. 7 for identification.)

By Mr. Oppenheim:

Q. Would you look at Plaintiff's Exhibit No. 7 for identification, and state whether or not that appears to you to be a type of requisition that would be sent?

A. I have never seen their requisitions, but I presume this would be it. It is typical.

Q. The information on that order is the type of information you were familiar with, isn't that right?

192 A. Yes.

Q. That threshold closers would be ordered from Geneva?

A. These possibly applied to—it would possibly be a stock order, it would be rather unusual to apply to a special order. That is a stock order, I would say.

Q. All right. That is Plaintiff's Deposition Exhibit 7 for identification.

Now, there are other instances when the Hardwood Products Corporation would send a requisition for a shipment of these special closers from Geneva, Illinois to the customer?

A. That is right.

Q. Isn't that right?

A. Yes.

Q. You are familiar with that practice?

A. Yes.
Q. In what instances did that occur?
A. I couldn't tell you definitely.
Q. You cannot tell me of one?
A. This would be an illustration of it. Let's see, I see here, Mr. Oppenheim, (indicating document)—
Mr. Oppenheim: Mark this document Plaintiff's
193 Deposition Exhibit No. 8 for identification, and 8-A, two sheets.
(The document above referred to was marked Plaintiff's Deposition Exhibit No. 8 and 8-A for identification.)
By Mr. Oppenheim:
Q. Now, looking at Plaintiff's Deposition Exhibit 8 for identification and 8-A for identification, especially 8-A, you recognize that to be a department correspondence sheet of Hardwood Products Corporation?
A. Yes.
Q. You used to receive some of those yourself on colored paper?
A. This is information I would receive. I would receive a copy of this (indicating).
Q. Of Exhibit 8-A for identification?
A. 8-A for identification, yes, and I would receive a copy of this one as well.
Q. Exhibit 8-A is an instruction to Riverbank Insulating Door Company for the manufacture of closers of a special size, is that right, to be shipped to—
A. Let me see.
Q. In other words, let me point this out to you, Mr. Heidemann. In this one it says or, in fact, each one of them is a form. Exhibit 8-A has information, "Please
194 adjust your records and have threshold closers furnished accordingly."
A. Yes.
Q. And it also says, "Have the door on this order prepared for L. H. swing."
A. Yes.
Q. L. H. means lefthand?
A. Yes, lefthand, and that is a special size.
Q. That would be a special size lefthand closer?
A. Yes.
Q. Thresholder closer for a lefthand swing, is that right?
A. Yes, that is right.

Q. In many instances the closers would be shipped from Geneva, Illinois to the Hardwood Products' customer?

A. Yes.

Q. They would be shipped by the Riverbank Insulating Door Company, isn't that right?

A. Yes.

Q. On instructions of Hardwood?

A. Hardwood, yes.

Q. Mr. Heidemann, can you tell us what types of form memoranda you received at the Chicago office from
195 Hardwood Products Corporation in addition to some of the forms you have seen here? I mean forms that might have to do with your business.

A. This would be one of the forms they would use (indicating).

Q. That is Exhibit 8 and 8-A for identification?

A. Presuming there would be a change. Suppose this order was changed from 3-10 to 4 foot. Mr. Heckner has a little form he would attach right to this same order. He would not make out a new order, but he has a little form. I call it a strip tease.

Q. I have seen some of those.

A. Yes.

Q. He would send you that to staple to the copy of the order?

A. That is right.

Q. When you received instructions from the Neenah office was that on their letterhead, a white sheet, a printed letterhead, or was it on an inter-office sheet?

A. It was on an inter-office sheet.

Q. An inter-office sheet?

A. Yes.

Q. Was that inter-office sheet called department correspondence the way this is, or was it called inter-
196 office memoranda?

A. I honestly couldn't tell you. I think it is department or inter-office. I really couldn't tell you.

Q. You have some of those in your files?

A. Yes, I could bring them in to you, one of those sheets. It is not yellow, but is a sheet something of this color here (indicating).

Q. Generally a canary?

A. Yes.

Q. A canary color?

A. That is right, that is what it is, a canary color.

Q. Generally the instructions you would receive from the Neenah office would be on this canary color inter-office sheet, is that right?

A. That is right, and in turn the letters we write to them are on the same inter-office paper.

Q. Inter-office?

A. Yes, colored sheets.

Q. What subjects would you have occasion to write to Neenah about?

A. Anything that comes up, things that come up daily.

Q. Give us some examples, Mr. Heidemann.

197 A. Now, for instance, the last call I made on Holabird & Root—

Q. On who?

A. On Holabird & Root, I got a letter from the Boston office saying that Holabird & Root were rejecting the doors for the Teamsters Union Building in Washington, and I called on Holabird & Root and learned the reasons for it, and I reported that call to Neenah.

Q. Your Boston office would write to you?

A. They would ask me to call on the architect to ascertain why that particular door was not acceptable to them.

Q. Hardwood Products have a Boston office and a New York office?

A. I am not too sure whether they have the Boston office any more, but I think that covers New York.

Q. In addition to that do they have any others?

A. They have sales agents who conduct their own office, like in Cleveland, Shrevesport, Atlanta, San Francisco and Los Angeles.

Q. But those are sales agents?

A. Yes, they are sales agents.

Q. They are different?

A. Yes.

198 Q. And they run their own offices?

A. Yes, they do.

But to get back to the answer to the question, I report that sort of thing to the Neenah office.

Q. In other words, the Boston office if it knew of some situation where it was understood that it could be checked in Chicago, they would write directly to you?

A. That is right.

Q. Instead of writing to Neenah?

A. Yes.

Q. And then you would report to the Neenah office?
A. That is right.
Q. After you had checked it?
A. That is right. So many things can come up daily that you correspond with the Neenah office about.
Q. Can you give us one more example?
A. I am just trying to think.
Yesterday when I dictated a few letters—well, I just don't recall now.
Q. What subjects generally, complaints or sales?
A. Well, both, complaints and sales or reasons why we didn't get a certain order, or things of that sort.
Q. Where can I get a list of the sales agencies 199 you have mentioned?
A. At the Neenah office.
Q. Beg your pardon?
A. At the Neenah office.
Q. Do those sales agencies handle other products than Hardwood?
A. I couldn't say that, Mr. Oppenheim. I rather imagine they do.
Q. During all these years have you done any business for any company other than Hardwood Products Corporation?
A. You mean myself for someone else, representing someone else?
Q. Yes.
A. No, no. No side lines.
Q. Is there any written contract or agreement that describes your duties?
A. No.
Q. Is there anything in writing anywhere that ever described your duties?
A. No. I think at the very, very beginning when I mentioned this little bonus arrangement there was perhaps a coverage of information on that.
Q. Well, is it fair to say then that you have been 200 a manager of the Chicago office since 1936?
A. I presume manager would be all right.
Q. What is that?
A. I presume that would apply.
Q. And prior to that Mr. Coxe was manager of the Chicago office?
A. Yes.
Q. And you worked under him?

A. I started out that way, but I really believe that we both went our own individual ways.

Q. For a while that was the arrangement?

A. Mr. Coxe recommended me to the company.

Q. I see.

A. And then we went our own separate ways.

Q. As long as he was with the company he was the manager of the company?

A. That is right.

Q. You say at one time you were manager of the Cleveland office?

A. Yes.

Q. What happened to that office?

A. We opened an office there and we opened an office in St. Louis and we opened an office in Cleveland.

201 Q. That is, those offices do not exist any more?

A. No. In St. Louis they organized a co-operative company there and eliminated us. I don't mean Hardwood organized one, but our customers did.

Then in Cleveland we went down in the depths of the depression.

Mr. Oppenheim: I believe that is all. Do you have any questions, Mr. Fox?

Mr. Fox: I have one or two, yes.

Examination by Mr. Fox.

Q. In the adjustment of a complaint did you ever have any authority to refund the customers any money?

A. Oh, no.

Q. In the adjustment of any complaint did you have the authority to replace the merchandise with a new door?

A. Not unless it was part of—not unless it was approved by the Neenah office. It might be a suggestion I made, but approval would have to come from the Neenah office to do it.

Q. In connection with the matter testified to concerning Navy Pier, did you have any authority to hire Dr. Hardy?

202 A. No. I might have recommended it, but I did not have the authority.

Q. In making sketches such as you have submitted to Holabird & Root, was that your main duty?

A. I considered it part of my duties.

Q. Was that ancillary to the aim of obtaining orders?
A. Yes.
Mr. Fox: That is all.
The Witness: It was knowledge I had acquired, so I used it for that.
Mr. Oppenheim: Would you stipulate, Mr. Fox, that the witness' signature is waived?
Mr. Fox: I am perfectly willing to so stipulate.
I want to say this to you, Mr. Heidemann, and it will probably be more assuring from me than it might be from counsel.
Mr. Oppenheim: Do you want this on the record?
Mr. Fox: Yes.
It is a great convenience to both sides if the reporter is able to write your testimony out without the necessity of submitting it to you for your signature.
You have personal right either to waive signing it,
203 or to read it through and sign it before it is submitted.
My experience with these people that report these depositions is they are very good, and they are very accurate.
The Witness: That is okay.
Mr. Fox: You will have to waive it, personally, I mean.
Mr. Oppenheim: You agree to waive it, then?
The Witness: Yes.
Mr. Oppenheim: Provided the transcript is satisfactory to Mr. Fox and his associate in Chicago.

Depositions Closed.

204 State of Illinois }
County of Cook } ss.

I, Lucile P. Burns, a notary public in and for the County of Cook and State of Illinois, do hereby certify that previous to the commencement of their depositions Frederick O. Ludlow and Charles D. Heidemann were by me first duly sworn to testify the truth, the whole truth and nothing but the truth concerning the issues involved in a case now pending and undetermined in the District Court of the United States, For the Northern District of Illinois, Eastern Division, No. 54-C-300, and that the testimony so given was recorded stenographically by me and was reduced to typewriting under my direction.

I further certify that the signatures to the above depositions and the reading and examination thereof were expressly waived by the witnesses and the respective attorneys.

I further certify that the said depositions were taken at the time and place specified, and that there were present Mr. Jack H. Oppenheim on behalf of the plaintiff and Mr. David A. Fox and Mr. Gerrit P. Groen on behalf of the defendant.

I further certify that I am not a relative or employee or attorney or counsel of any of the parties, or a relative or employee of such attorney or counsel, or financially interested directly or indirectly in this action.

I further certify that the several exhibits attached to said depositions were marked for identification as is set forth in the said depositions.

In Witness Whereof I have hereunto set my hand and affixed my notarial seal, at Chicago, Illinois, this 26th day of April, A. D. 1954.

(Seal)

Lucile P. Burns,
Notary Public, Cook County, Illinois.

PLAINTIFF'S DEPOSITION EXHIBIT NO. 1.

SOUND INSULATING DOORS

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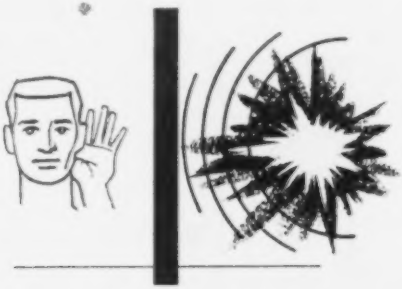
FIREBAR DOORS INC.



ENGINEERED SOUND ISOLATION

BY FIREBAR TECHNICIANS

Alert management in modern industry recognizes noise as a definite hazard—a menace to human comfort and health . . . a destroyer of efficiency. To meet industry's demand for sound isolation . . . to contain noise within its place of origin, Firebar has developed a highly efficient system of sound insulating doors plus a complete engineering and construction service.

If you have a sound insulating problem, consult a Firebar engineer. Firebar engineers have solved hundreds of these door sound-insulating problems.

A FIREBAR INSTALLATION

A Firebar installation is more than a scientifically built door; it is a completely coordinated assembly, combining structural steel frame, sound insulating door, hardware, and sealing devices. Complete units are fabricated, fitted, and assembled in one plant. Correct installation procedures, too, are planned by Firebar.

SPECIAL PURPOSE DOORS

Firebar doors not only isolate noise but they constantly safeguard property and lives from the spread of fire . . . gases . . . explosions. Firebar has designed doors, hardware, and sealing devices for installations where conditions include gas tight sealing; resistance to pressures up to 2,000 pounds per square foot; resistance to the transmission of temperatures ranging from plus 200° to minus 90° Fahrenheit; sealing against the transmission of moisture; explosion releases; panic releases; protection against X-ray emanations and other radiations; and also heavy door structures requiring mechanical operation.

STANDARD FIREBAR-RIVERBANK DOOR CONSTRUCTION

Door assemblies are produced by encasing 3-inch Riverbank wood sound-insulating cores (manufactured by Hardwood Products Corp.), with 16 gauge steel facings, welded to 12 gauge perimeter channels. All gaskets for sealing door clearance at jambs, astragals, and sills are of sponge Neoprene, a synthetic rubber which is impervious to oil and withstands excessively high or low temperatures. The hardware is specially designed and built of very heavy vibration-proof units. It is capable of modification to make a wide variety of functions possible; including panic and explosion releases. All is completely surface mounted and accessible for adjustment and maintenance. See opposite page for standard details of typical Firebar doors.

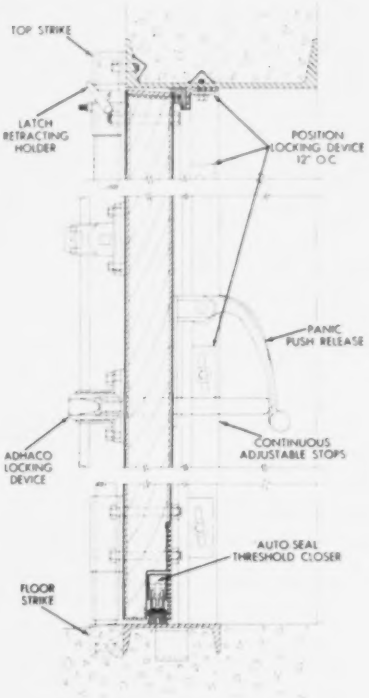
Firebar doors provide a laboratory-tested sound reduction of 45 decibels, averaged over a frequency range of from 129 to 2070 cycles taken at 25 test frequencies. Where greater sound reduction is required, it can be secured by hanging two Firebar doors in the same opening provided there is substantial air space between them. The wider the space the greater the sound reduction.

YOUR SOUND ISOLATION PROBLEM

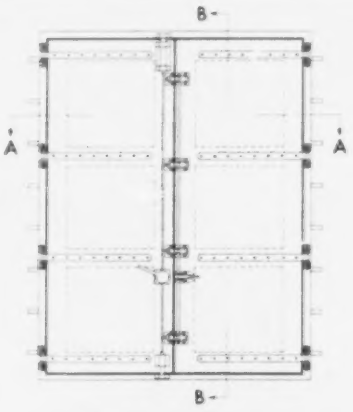
We offer the full cooperation of our engineers to architects, engineers, and builders faced with problems of sound isolation. Since each sound insulating door project requires special analysis, we can help you most if you include the following information in addition to the standard door specifications with all inquiries:

1. Source and intensity of noise to be controlled.
2. Kind and thickness of wall construction.
3. Special material handling problems; such as heavy wheeling or monorail through door opening.
4. Excessively high or low operational temperatures.
5. Excessive operational pressures or vacuum.
6. Explosion or emergency panic bar releases.
7. Any special operational conditions.

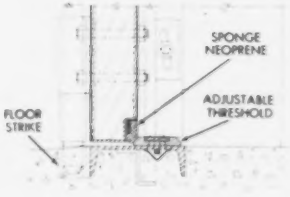
NOTE: Two sets of doors hung in the same opening can be arranged to bring sound reduction to equivalent of almost any wall construction.



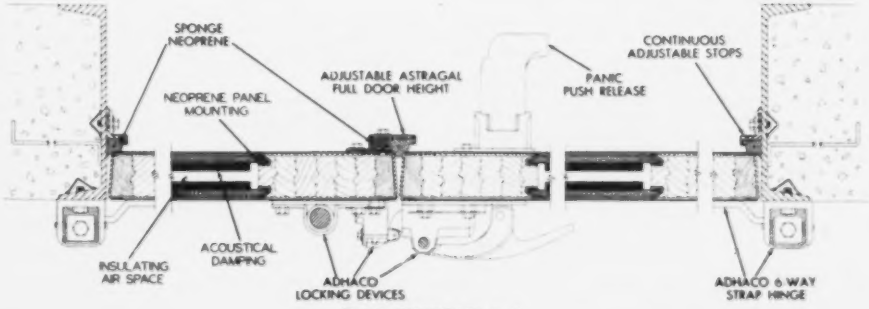
VERTICAL SECTIONS B-B



TYPICAL "PAIR" ELEVATION

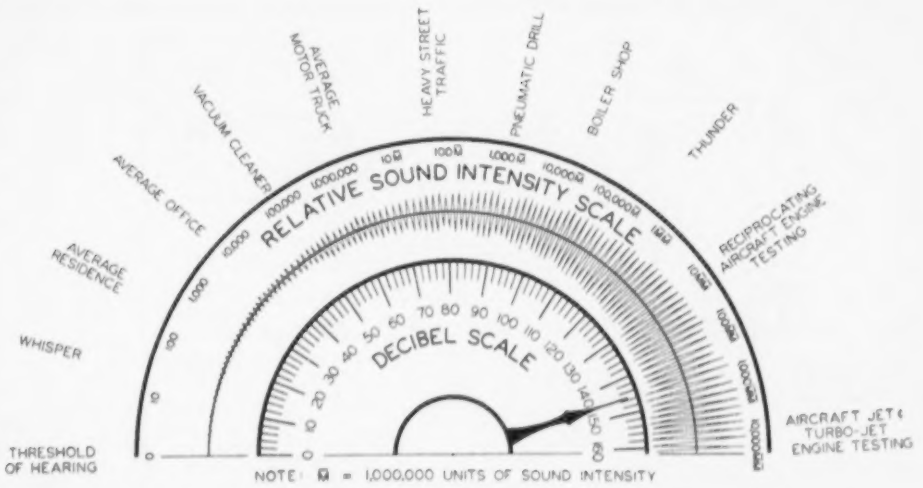


ALTERNATE SECTION B-B



PLAN SECTIONS A-A

STANDARD DETAILS	RIVERBANK SOUND INSULATING DOOR UNIT Using Standard Structural Frame and Single Seals	SCALE 1½" = 1'-0"
	FIREBAR DOORS INC.	PLATE NO. A-301



SOUND LEVELS

INDICATED IN DECIBELS AND IN UNITS OF RELATIVE SOUND INTENSITY

The above chart gives the intensity levels of ordinary and extraordinary sounds stated in terms of both Physical Intensities and the Decibel Scale.

The *Physical Intensity* of a sound wave is the energy transmitted over a unit area taken at right angles to the direction in which the wave travels.

The *Decibel Scale* is a logarithmic scale. The difference in decibels between two sound intensity levels is ten times the logarithm of the ratio of the two intensities. The logarithm of 10 is 1. The number whose logarithm is 0.1 is 1.26 so that to produce an increase or decrease of 1 decibel in the intensity level, the intensity must be increased or decreased in the ratio of 1 to 1.26 or by 26%.

This explains why it is increasingly difficult at progressively higher sound levels to obtain each added decibel of sound reduction as applied to the construction of sound insulating doors. For example, it requires 26% more sound insulating efficiency to be built into the door in order to produce one additional decibel of sound reduction.

INDUSTRIAL DOOR SOUND CONTROL

Adequate sound control in industrial plants and particularly such plants as are using test cells where engine testing is part of the production system, brings up the acute problem of the kind of wall and door construction which will best prevent the transmission of sound without depending entirely on mass.

Much laboratory data has been correlated which provides the approach to these problems. The results show that a wall or partition which is approximately homogeneous must be excessively heavy to be a good insulator.

When built in layers with a minimum of physical connection between the layers, the sound insulating properties of a wall are greatly improved.

Applying the same principle to the door openings, two sets of Firebar-Riverbank doors well spaced and hung in the same opening will provide the equivalent sound protection of almost any wall construction. (See Page 7, Arrangements C, D, E, F, G and H).

In our work, dealing with the control of noise by means of masonry walls and acoustical doors it has been important for us to establish certain basic concepts relating to the effects of noise on industrial operations. The following concepts are used in our computations for industrial sound insulating door requirements:

60 db — Noise level at which work can be continuous without damaging fatigue to worker.
75 db — Noise level at which speech is fairly comfortable.
85 db — Noise level at which speech, though intelligible, is fatiguing.
90 db — Noise level at which speech (or shouting) becomes unintelligible.
100 db — Noise level (even if intermittent) which produces damaging fatigue to workers.

"MARGINAL" EFFECT OF SOUND INSULATION

The reason for the use of scientifically designed sound insulating doors in industrial plants is to make conditions in particular spaces quiet enough to work in efficiently — to reduce noise to the point where comfortable speech is possible. The margin between tolerable and intolerable noise conditions is often a matter of comparatively few decibels — the difference, for example, in door protection between a 40 decibel door and a 45 decibel door.

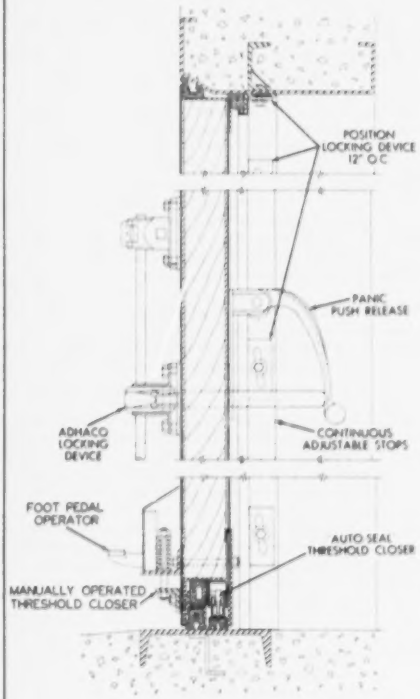
Similarly, the reduction of the portion of the noise which comes within the pitch range of the human voice is of particular importance as it tends to make the difference between intelligible and unintelligible speech. This is what a scientifically designed acoustical door accomplishes.

LABORATORY CERTIFICATION

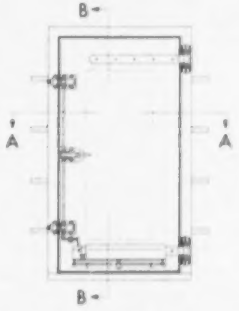
Architects, engineers and specification writers are urged to demand laboratory certification of the actual acoustical efficiency of the doors they specify. The reason that statements regarding sound insulating values may be misleading unless confirmed by tests made under the controlled conditions of a recognized acoustical laboratory are due to the wide variation in insulating efficiency of any door structure at different sound frequencies.

The term "Frequency" is used to denote the rapidity of vibration, stated as the number of vibrations or cycles per second which produces a certain pitch.

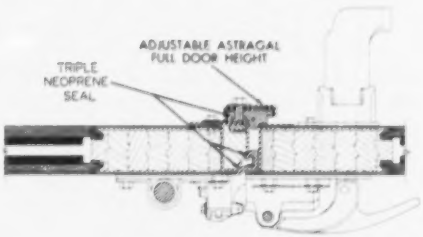
Comprehensive laboratory tests are taken at many frequencies, and the overall efficiency or decibel rating is the average of these tests. All Firebar-Riverbank door ratings are based on averaging 25 tests over a frequency range from 129 to 2070 cycles.



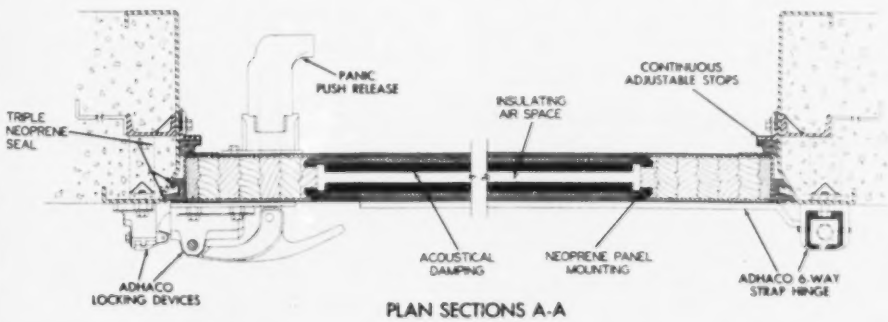
VERTICAL SECTIONS B-B



TYPICAL "SINGLE" ELEVATION



MEETING STILE SECTION FOR "PAIRS"



PLAN SECTIONS A-A

STANDARD DETAILS	RIVERBANK SOUND INSULATING DOOR UNIT Using Standard Formed Frame and Triple Seals	SCALE 1½" = 1'-0"
	FIREBAR DOORS INC.	PLATE NO. A-302

SPECIALLY DESIGNED HARDWARE

To compensate for variations in building construction and to allow for adjustments after doors have been in use, it is necessary to have hardware with special adjustable features. Furthermore all hardware must be ruggedly built to match the heavy duty qualities of the doors.

"6-Way" Hinges are of the strap type extending full width of door panel, having special adjustable features in pintle to provide means whereby door can be raised or lowered, adjusted in or out from stop and moved to or from hinge jamb. This produces perfect alignment of door at time of installation and permits adjustments for wear or compression on gasket.

Locking mechanism provides multiple latching points with simple pull handle and panic push plate release. Strikes have micrometer adjustment feature to further compensate for variations in compression of gaskets on lock jamb.

All hardware used on Firebar-Riverbank installations is vibration proof, is designed with adjustment features, and is ruggedly constructed to withstand the severe industrial operating usage to which it may be subjected.

"AUTO-AIR" SEAL

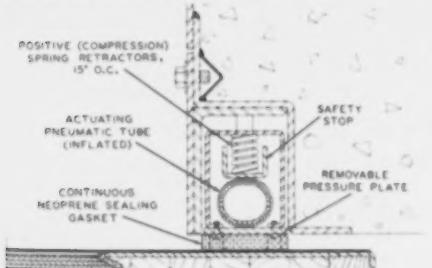
The problem of adequately sealing clearance cracks becomes increasingly critical as the sound source intensity increases. For example, an improper adjusted crack closure seal on a door opening insulating a sound source of 60 db may affect the overall efficiency of the door by only 2 - 3 db. The same improper adjustment on a door opening insulating a sound source of 135 db may affect the overall efficiency of the door by as much as 8 - 10 db.

Due to the high sound intensity and minus or plus atmospheric pressures developed in test cell operations, Firebar engineers have developed a new type of positive pneumatic seal.

The "Auto-Air" seal combines many unique features including high range operating pressures, positive mechanical retraction, and a minimum of maintenance.

This sealing unit combines the ease of operation of air devices with positive mechanical retracting. Not only can pressures be applied as high as 100 PSI, but the pneumatic oval molded tube is confined so that it cannot stretch out of shape. Safety stops prevent any over travel and because of its positive retracting action, no wiping or tearing action takes place.

This clearance crack sealing device may be used on many types of swinging and sliding door installations. The illustration below shows "Auto-Air" Seal used in conjunction with a sliding door unit.



"AUTO-AIR" SEAL
PATENT APPLIED FOR

PROTECTION AT HIGH SOUND LEVELS

Treatment: Two doors hung in the same opening.

The following graph taken from a series of laboratory tests has been found particularly useful for determining the theoretical value of two doors hung in the same opening and it is equally applicable to double glazed windows.

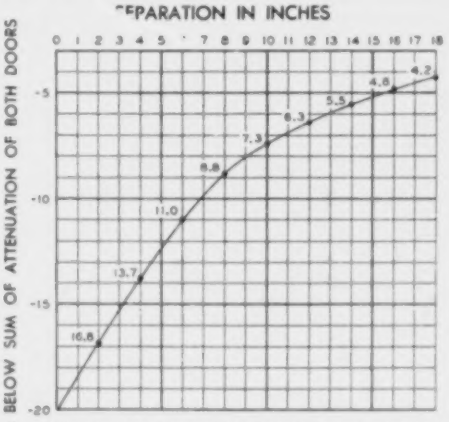


ILLUSTRATION-TABLE OF TWO 45db METAL COVERED RIVERBANK DOORS IN A SINGLE OPENING. SUM = 90db

SEPARATION IN INCHES	2	4	6	8	10	12	14	16	18
TOTAL ATTENUATION	90	90	90	90	90	90	90	90	90
DEDUCTION FOR SEPARATION	-16.8	-13.7	-11.0	-8.8	-7.3	-6.3	-5.5	-4.8	-4.2
RESULTANT ATTENUATION	73.2	76.3	79.0	81.2	82.7	83.7	84.5	85.2	85.8

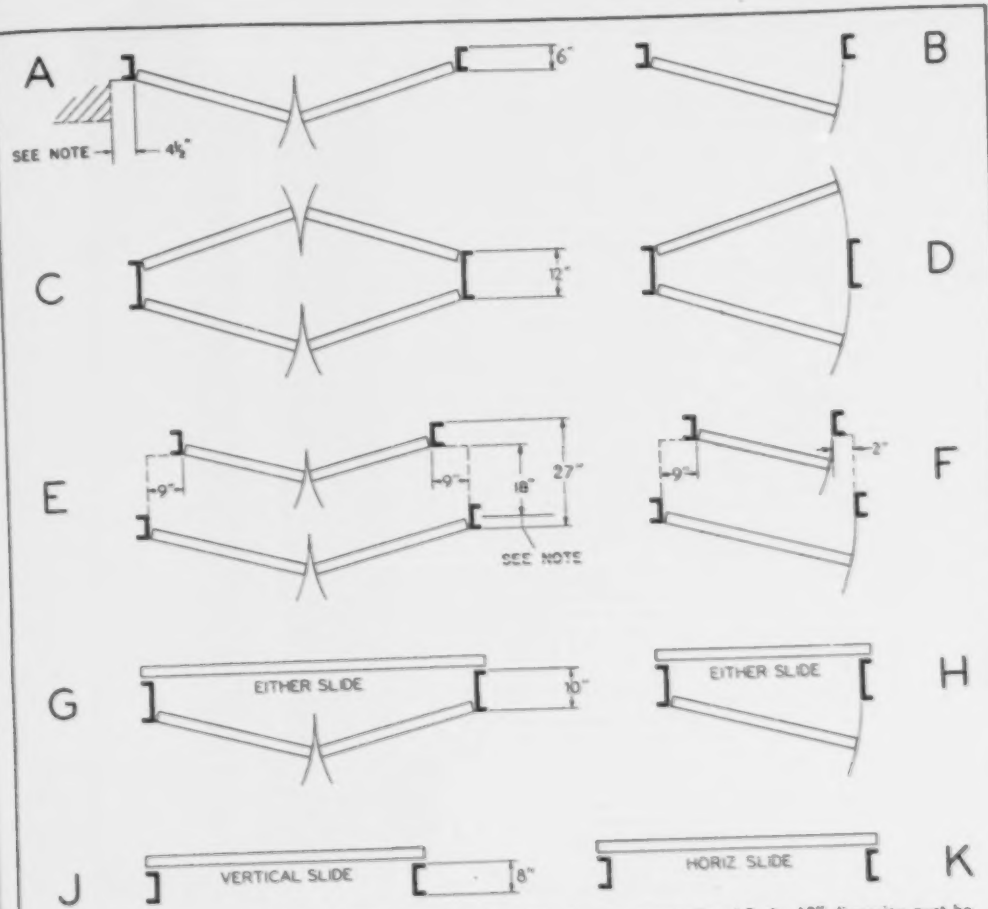
It is obvious from this graph that the overall acoustical efficiency of two sound insulating doors hung in the same opening is lessened as the spacing of the doors is decreased from 18" to zero. Approaching zero where the doors would be nearly in contact, the loss approximates 20 db from the full value of the two doors. If the fullest efficiency of the installation is required, the air space between the doors must be at least 18" and the wall thickened at the door opening to accommodate this spacing. Two Firebar-Riverbank doors thus spaced will provide up to 85 db reduction.

ARRANGEMENT OF DOORS

From a construction standpoint, the simplest layout where two doors are hung in the same opening is obtained when doors are swung in opposite directions (see Plate A-303, opposite page, Arrangement C & D).

When the above arrangement is not feasible from an operational standpoint or door swing interference, the same approximate sound insulating efficiency can be obtained using a combination of swinging and sliding doors as shown in Arrangements G & H.

When inside test cell wall will not permit the use of either vertical or horizontal sliding doors or when door opening must also provide panic exit, the use of arrangements shown in E & F is recommended. Co-ordinated, heavy duty panic release hardware has been designed to operate both sets of doors simultaneously. To maintain maximum acoustical efficiency and co-ordinated hardware operation, these openings should be designed with exactly 18" separation between doors.



1. The following guaranteed sound reduction values in decibels are based upon standard metal covered Firebar-Riverbank 3" doors, hardware, sealing devices, and frames:

   Arrangements A and B — 45 db
   Arrangements C and D — 79 db
   Arrangements E and F — 85 db
   Arrangements G and H — 80 db
   Arrangements J and K — 45 db

2. Sound reduction values of walls not shown—varies according to thickness and construction.

3. All measurements shown are minimum for frame dimensions and required hardware clearances.

4. At arrangements E and F, the 18" dimension must be maintained exact for coordinated hardware operation.

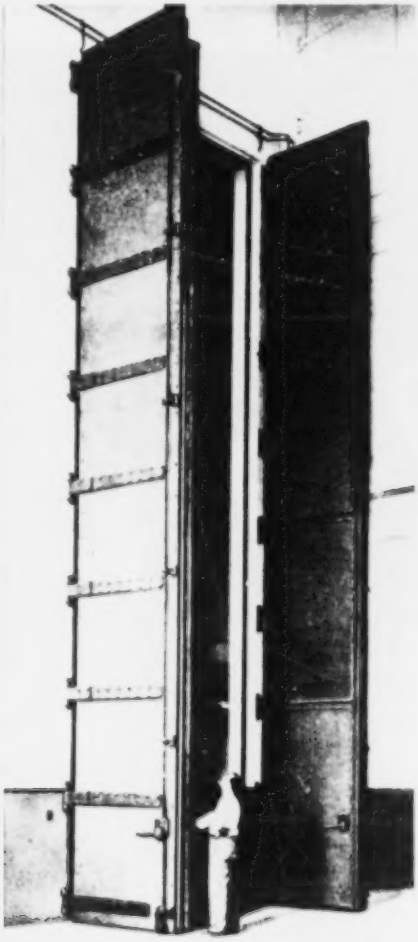
5. Minimum wall return at hinge jambs for all swing doors = 4½" (As shown in arrangement "A").

6. On all sliding doors, the clear opening = frame opening size.

   Due to hardware and stop obstructions, the clear openings on all swing doors are:

   (a) frame opening width less 2⅝"
   (b) frame opening height less 2"
   (c) smaller frame ht. E. & F. = larger frame ht. less 3"

STANDARD DETAILS	TYPICAL SOUND-PROOF DOOR ARRANGEMENTS Showing Sound Reductions and Layout Dimensions	SCALE
	FIREBAR DOORS INC.	PLATE NO. A-303



The expert knowledge of Firebar's engineers has solved many difficult sound-insulating door problems. To meet the needs of one aircraft manufacturer, Firebar designed and built these doors for an opening 10 x 33 feet. Doors weigh 10,000 pounds, yet are manually operated with ease.

FIREBAR SOUND-PROOF DOORS ISOLATE SOUND IN THE FOLLOWING PLANTS

Allis-Chalmers Manufacturing Company
Allison Div., General Motors Corp.
AVCO - Bridgeport Lycoming Div.
A. V. Roe Canada Ltd.
Buick Motor Div., General Motors Corp.
Canadian Pratt & Whitney, Ltd.
Chevrolet Motor Div., General Motors Corp.
Caterpillar Tractor Company
Chrysler Corporation
Continental Motors Corporation
Curtiss-Wright Corporation
Electro-Motive Div., General Motors Corp.
Ford Motor Company
General Electric Company
General Motors Corporation
Harvard University
Hamilton Standard Propeller Div., United Aircraft Corp.
International Harvester Company
S. S. Kresge Company
Massachusetts Institute of Technology
Nash-Kelvinator Corporation
Packard Motor Car Company
Pratt & Whitney Div., United Aircraft Corp.
Rolls Royce Canada Ltd.
Standard Oil Company of New Jersey
United Aircraft Corporation
U. S. Air Force, Hill AFB
U. S. Air Force, Langley AFB
U. S. Air Force, McClellan AFB
U. S. Air Force, Norton AFB
U. S. Air Force, Wright-Patterson AFB
U. S. Armed Forces Staff College
U. S. Army Ordnance, Michaud, La.
U. S. Army, Duncan Field
U. S. Navy, Alameda Naval Base
U. S. Navy, El Toro Marine Base
U. S. Navy, Johns Hopkins Research Laboratory
U. S. Navy, Engineering Experimental Station
U. S. Navy, Philadelphia Navy Yard
U. S. Navy, Portsmouth Navy Yard
U. S. Navy Puerto Rico Naval Base
Westinghouse Electric Corporation

SHORT FORM SPECIFICATIONS FOR FIREBAR-RIVERBANK "SOUND-PROOF UNITS"

This contractor shall furnish complete, all door openings shown on plans as "sound-proof". Complete "sound-proof units" shall include door frames, vibration proof hardware, clearance crack closures and metal covered Riverbank Sound Insulating Doors as furnished by Firebar Doors Inc., Chicago 32, Illinois, in strict accordance with their established standards.

This contractor shall furnish for architect's approval complete shop drawings. He shall also furnish a written guarantee that the doors are constructed exactly in accordance with laboratory tested doors. A certified labotatory record of tests must be furnished, showing that the doors will develop a sound reduction of not less than 45 decibels, based on averaging 25 tests over a frequency range from 129 to 2070 cycles.

All installation work shall be performed by skilled mechanics in accordance with procedures detailed by this contractor.

All equipment furnished under this contract shall be guaranteed free from defects in material and workmanship for a period of one year after installation.

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FIREBAR DOORS INC.

5033 SOUTH KEDZIE AVENUE • CHICAGO 32, ILLINOIS

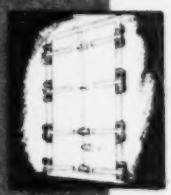
PLAINTIFF'S DEPOSITION EXHIBIT NO. 2. 115

FIRECRAFT DOORS

This descriptive index of typical door products is offered as indicative of breadth and scope of Firecraft products.

Due to the wide range of requirements on individual projects with the resultant variations in specifications and details, only general information applicable to many types of installations are included in this catalog.

Preliminary details and specifications together with records of laboratory tests and other desired information are gladly furnished architects and engineers upon request.



ACOUSTICRAFT DOORS (SOUND INSULATING)

Approximately 6½" thick door having wood core covered with 24 gauge steel. Furnished with metal covered frames and adjustable hardware. Rating 40 decibel reduction. Acousticraft doors are bulky and will not withstand severe industrial abuses. They are economical to furnish and install and provide a high degree of sound insulation.

ACOUSTIDORS (SOUND INSULATING)

All metal construction approximately 6" thick. Fireproof. Usually furnished with Econocraft Frames and adjustable hardware. Highly efficient low maintenance economical. Rating 43 decibel reduction. (See pages 4 and 5 for details.)

ADHACO VIBRATION-PROOF LOCKS

A latching device spring actuated, with micrometer adjustment in strikes so that door can be adjusted to hold tightly against stops. One or more latches may be installed, depending on height of door, to operate simultaneously with single "Push" or "Pull" action. Available with exit panic bars and cylinder night locks.

ALL METAL X-RAY LEAD LINED DOORS

An advanced design, hollow metal door having continuous lead sheet throughout entire surface of door. Corrugated "Pressure Grip" without bolts prevents movement of lead sheet. All hardware reinforcements applied on inside faces of door and drilled and tapped at factory to hardware templates thereby avoiding any break in the continuous lead sheet X-ray protection. Thickness of lead sheet may be varied according to X-ray protection required.

Standard doors are 1¾" thick. Both door faces are sound deadened and fire protected with sheet asbestos backing. Unmetal or Econocraft Pressed Steel Frames protected with sheet lead on inside surfaces are provided according to the service required.

ALSTELE FIRE DOORS AND HARDWARE

Underwriters' "A" label construction in both swinging and sliding types. 18 gauge tubular steel rigidly constructed stiles and rails. Panels built up of cross laid corrugated sheet steel with sheet asbestos between exterior faces.

Durable—not subject to dry rot—highly efficient fire resistant—light in weight—attractive appearance—economical in original and maintenance costs.

AUTOSEAL THRESHOLD CLOSER

A ruggedly constructed surface-mounted type of automatic threshold clearance crack-closer actuated by pressure rod at hinge jamb.

This device is designed primarily for those door openings where it is necessary to seal the threshold clearance cracks against sound, vapor, fumes, etc., and where at the same time it is necessary that threshold and door openings be entirely unobstructed by raised sill. Autoseal threshold closers seal a sponge Neoprene gasket tightly against floor surface when door is closed. Gasket retracts instantly when door starts to open thereby preventing dragging and unnecessary wear. Available for either wood or metal doors.

BUILDING ENTRANCES

When designed in formed metal, they are economical—add beauty and distinction to a building. (See page 7 for details.)

ECONOCRAFT CHANNEL FRAMES

A channel frame built up of formed steel plates reinforced with specially designed "V" formed steel sections welded to back side of frame in such manner that frame members remain true and out of wind. Hardware reinforcing plates of adequate size are welded into position and frames are then drilled and tapped to hardware templates at the factory.

Econocraft frames offer an advanced type of design wherein the bowing and distortion common to structural members has been entirely eliminated. Fabricated of 16 gauge to 12 gauge depending on service required. Laboratory tests indicate that

AND SPECIALTIES

this type of frame is much stronger than the structural type of frame. Economy in weight and cost in addition to precision manufacturing methods are important advantages obtained by specifying "Ecomcraft."

FREIGHT ELEVATOR DOORS

All steel construction. Counterbalanced, bi-parting, or pass type as required. Lower section of door provided with extra heavy trucking sill angle. Ball bearing chain sheaves extra heavy roller chain, improved type, tamper-proof electro-mechanical interlocks especially designed door guides and hardware insure complete "custom built" installations.

HOLLOW METAL DOORS

Built by metal craftsmen in sixty standard panel arrangements or to special designs in accordance with architectural requirements. Wide range of modern finishes. Underwriters' and Factory Mutual Labeled if desired. (See Page 6 for details.)

HOLLOW METAL PARTITIONS

Built of 18 gauge cold rolled furniture steel in a variety of glazed and solid panel arrangements. Finished in prime coat, baked enamel or grained as specified. Built to specifications to suit individual building requirements.

METAL TRIM, SCRIBE MOULDS, ETC.

Large stock of 18 gauge and 20 gauge standard drawn and formed profiles to meet most architectural requirements. Types may be furnished in either oval head countersunk screws or with concealed fastener clips. Trim members are usually factory mitered, welded and finished to fit door openings.

PASSENGER ELEVATOR FRONTS

Combined beauty, safety and ease of operation to meet all local safety regulations. Standard or special designs to harmonize with building motifs. (See Page 6.)

PRESTO COMBINATION BUCK AND JAMB

A new type pressed steel combination buck and jamb, for use in door openings where walls are already built. Use of this frame supplants the old type rough bucks, loose jambs and trim or scribe moulding which is costly to build and install. Presto frames are simply set in place, anchored securely to wall construction, means of fastening is then concealed by snapping into position the removable door stop. Ideal for alterations, remodeling and reconversion.

REINFORCED CONCRETE DOORS

May be had in swinging or sliding type for use in X-ray protection installations or as "Movable Walls" for heavy duty sound insulation testing. Doors are constructed from structural shapes with reinforcing rods properly spaced and welded throughout entire area of door. Standard thicknesses range from 6" to 12". On job site, after door sections are assembled into one complete unit, forms are installed and concrete is thoroughly vibrated to make uniform mass. Furnished complete with power operators and safety devices.

RIVERBANK DOORS (SOUND INSULATING)

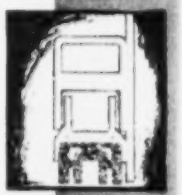
Generally recognized as the most outstanding sound insulating door ever developed. Scientifically designed and constructed to provide maximum sound insulation with minimum bulk or thickness with resultant maximum operating efficiency. (See Page 4 for detailed description.)

SEALCRAFT SOUND AND VAPOR-PROOF ADJUSTABLE DOOR STOPS

An efficient type of door clearance crack closure built to withstand severe industrial abuses. Specially formed sponge Neoprene (heat, oil and water resistant) is securely held in rigid metal housing provided with slotted holes 12" o.c. for easy adjustment to compensate for wear or door and frame misalignment. Position locking washers are provided at each slotted hole in such manner that stops are firmly locked in desired position as soon as adjustments are made. For sound insulation, door sealing against air pressures or vacuum, and to keep out noxious fumes or gases, specify "Sealcraft" adjustable door stops.

SIX-WAY STRAP HINGES

A ruggedly built ball-bearing strap hinge for ease in operating industrial doors. A unique design feature in the pintle construction provides means whereby doors can be adjusted after they are hung to compensate for settling of building, frame distortion, etc. With these hinges, doors are easily moved in the frame opening from right to left, up, down, in or out. For easy operating doors with a minimum of maintenance, use "Six-Way" hinges.



UNIMETAL PRESSED STEEL FRAMES

Provide safety, long life and economy wherever metal frames are required. They are completely assembled for proof units, rigid to prevent warping and sagging. (See Page 7 for details.)

FIRECRAFT

Riverbank Sound Control Doors in Aviation Motor Plant

SOUND INSULATING DOORS

When methods of reducing noise fatigue are planned the question of noise insulation or isolation by means of proper door closures must be satisfactorily and adequately considered.

To obtain proper noise control—either isolation to keep it within the room of origin or insulation to keep it away from other rooms requires the careful analysis, not only of each door opening but of the source, type and intensity of the sound to be insulated. Firecraft engineers have developed a variety of door constructions, frame designs, hardware functions and clearance crack sealing devices to withstand not only usual and unusual sound vibrations but special industrial hazards as well.

These include such special conditions as air pressures, noxious vapors, gases, oven temperatures, X-ray emanations, hard usage and the presence of oil, water and grime.

Firecraft's experience in engineering and furnishing sound insulating metal doors in a large variety and number of applications enables us to offer economies of standardized designs which are "custom built" to meet most every sound insulating requirement.

Every industrial, institutional or commercial building being planned or reconverted should be "sound analyzed" to determine if sound insulating doors would not increase its operational efficiency. Firecraft offers you the counsel of a complete and competent engineering staff ready to assist you in such a task.

RIVERBANK DOORS

(For Details See Hardwood Products Corp.—Section 15g/5 Sweets Architectural Catalog)

Riverbank Doors are scientifically designed, laboratory tested and custom built to insulate sound. Their preeminence in the field of industrial sound insulation is indicated by the thousands of Riverbank metal covered doors installed throughout the country wherever the control of industrial noise is an acute problem.

Riverbank wood cores are manufactured by Hardware Products Corporation of Neenah, Wisc. This patented design calls for narrow wood stiles and rails, holding two sound-damped wood panels set in resilient Neoprene. Thus the air space between breaks up and deadens the sound vibrations.

A rugged construction is produced by encasing Riverbank wood cores in 16 gauge steel panels integrally welded to 12 gauge formed channel reinforcing members installed around the entire perimeter of door.

Clearance cracks at head, jambs and sill are furnished with adjustable closures of formed sponge, heat and oil resistant Neoprene.

Accurately fabricated frames of structural shapes or formed plates and ruggedly designed vibration-proof hardware of various designs, types and functions are furnished to meet individual opening requirements.

Doors may be furnished in various thicknesses depending on sound insulation required, severity of usage, etc. Standard "Riverbank 15" is 3" thick. These doors have been submitted to rigid laboratory tests in which they have developed an average sound reduction of not less than 15 db. over a frequency range from 128 cycles to 2050 cycles taken at not less than 5% test frequencies.

Every door installation, when completed, is carefully inspected by a factory representative before label is applied to the door panel indicating that installation of door, frame, clearance cracks closures, etc., complys with the laboratory testing standards.

ACOUSTIDORS

For many years, there has been a real need for a completely weather-proof, fire-proof, gas-proof, pressure-proof as well as a sound-proof door constructed entirely of steel. After years of painstaking experimentation and careful laboratory testing, Firecraft Research Engineers developed the all steel "Acoustidor" embodying all of the above desirable qualities.

Freedom from warping, a minimum maintenance upkeep and a rugged welded construction to withstand severe industrial abuses are outstanding characteristics of the Acoustidor. Combined with these structural features are unique innovations in

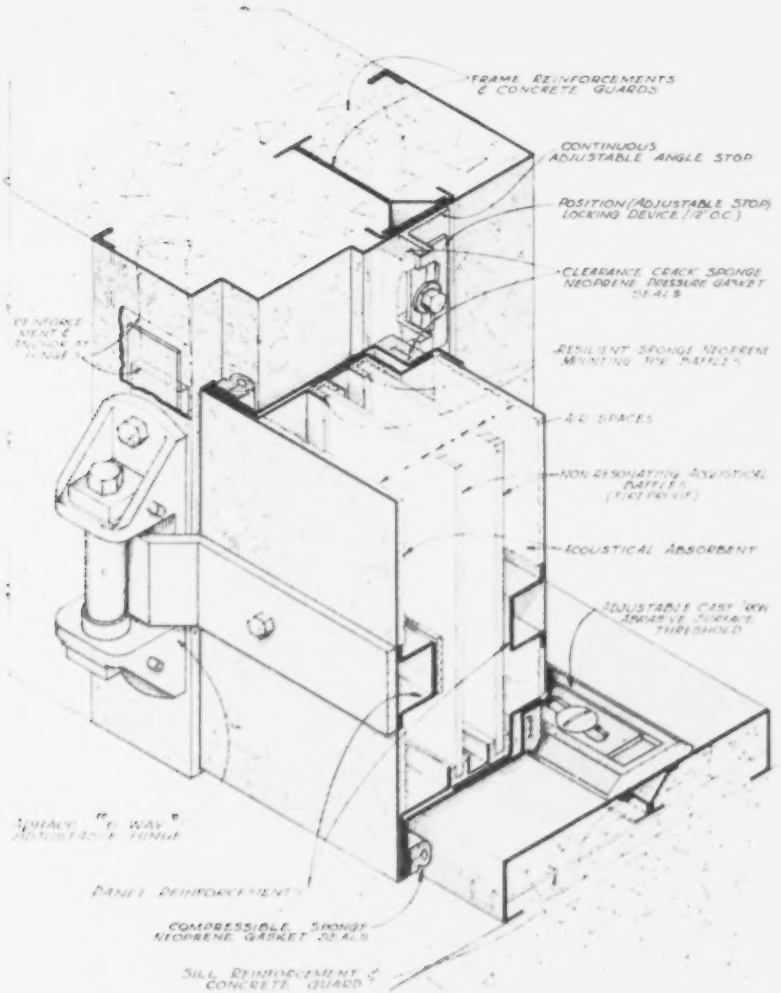
(1) Heat clearance crack sealing closures utilizing adjustable type pressure seals and are filled compressible seals all of specially formed shapes of sponge Neoprene.

(2) Heavy duty, completely adjustable hardware, including micrometer adjustments on latching strikes, and "Sea War" adjustments on ball bearing industrial strap hinges.

(3) Door interior reinforcements varying with severity of service required without impairing sound insulating efficiency exemplified by recent installation withstanding 1500 pound pressure per square foot.

Acoustidors are engineered and custom-built including fabrication of "Ecocraft" formed steel or structural shaped frames to withstand the industrial hazards and sound insulation required at each individual door opening. See isometric cutaway sectional view on opposite page for "Acoustidor" construction features.

Sound Insulating DOORS

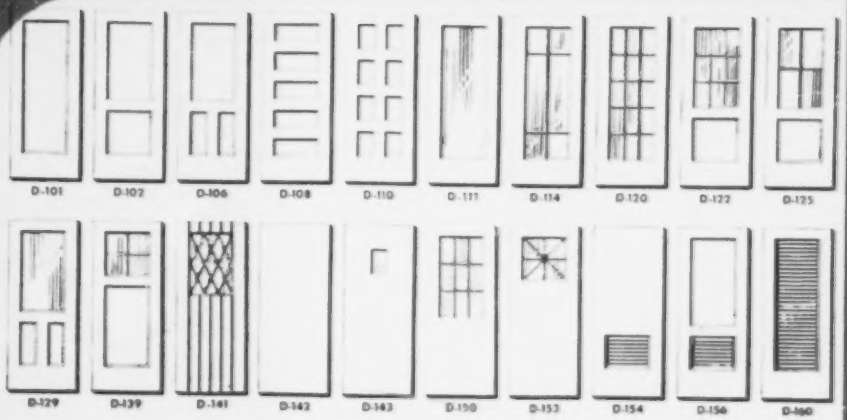


Isometric Detail of Sound Insulating

ACOUSTIDOR CONSTRUCTION AND INSTALLATION

All sound insulating doors manufactured and licensed under Riverbank patent No. 2,079,870.

FIRECRAFT DOOR

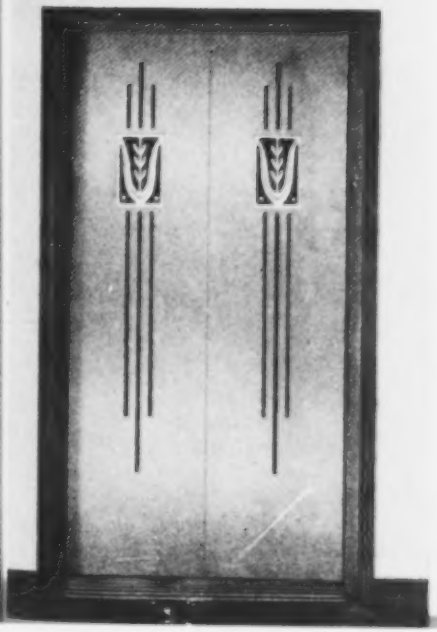


HOLLOW METAL DOORS

Standard doors are constructed of 18 gauge cold rolled stretcher leveled furniture steel. All joints, seams and welds are ground smooth and invisible. Metallic sound is deadened by the use of asbestos sheeting in stiles, rails and panel.

Adequate hardware reinforcements are welded into position. Drillings and tapping for template hardware is performed in the factory. Wide range of finishes is available. Underwriters' or Factory Mutual Label, when desired.

Only a few representative standard door designs are shown above. Special panel arrangements are fabricated to meet architectural requirements.



PASSENGER ELEVATOR FRONTS

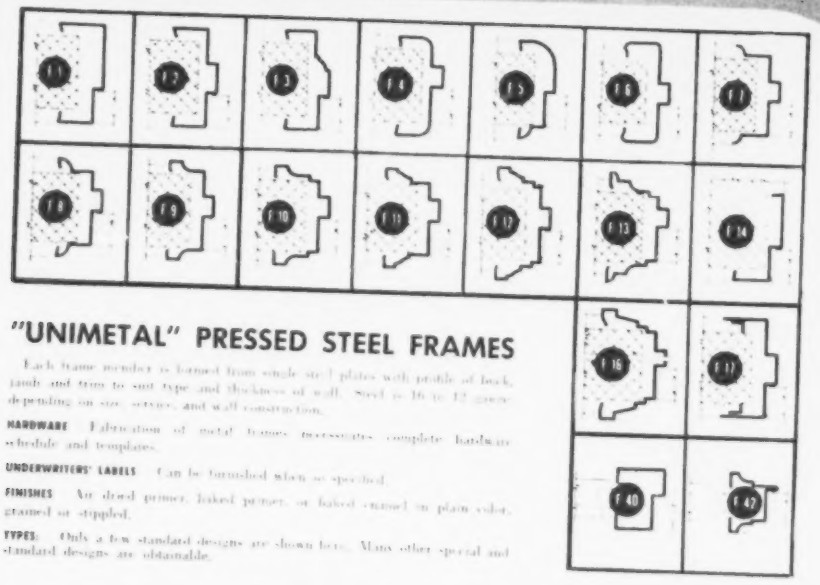
For many years, Firecraft engineers have worked closely with architects and elevator manufacturers in order to know their problems thoroughly, and to understand the requirements of modern elevator equipment and elevator operation.

This close cooperation has enabled Firecraft to keep constantly in step in developing elevator fronts of proven quality, practical efficiency and recognized distinction.

Firecraft Elevator Doors are of flush panel type, hollow metal construction, sound deadened, and adequately reinforced for application of hangers and closers. Complete frame and door assemblies are available in a choice of finishes—solid color baked enamel, grained, stippled, ornamental stripes or plaques when desired.

Complete services including engineering, designing and color coordination are offered to architects and elevator companies upon request.

SPECIALISTS



"UNIMETAL" PRESSED STEEL FRAMES

Each frame member is formed from single steel plates with profile of head, jamb and trim to suit type and thickness of wall. Steel is 16 to 12 gauge depending on size, service, and wall construction.

HARDWARE Fabrication of metal frames necessitates complete hardware schedule and templates.

UNDERWRITERS' LABELS Can be furnished when so specified.

FINISHES Air dried primer, baked primer, or baked enamel in plain color, enamel or stippled.

TYPES Only a few standard designs are shown here. Many other special and standard designs are obtainable.

BUILDING ENTRANCES

Metal door entrances offer not only fireproof, safe exits which are economical and durable, they also add beauty and distinction to modern buildings.

The flexibility of sheet metals—aluminum, bronze, cold rolled and stainless steels—combined with a large variety of available finishes and new methods of fabrication provide the ideal means of complete architectural expression.

Illustrated at the right is the main office entrance to Firecraft—a striking example of color contrast and architectural beauty achieved by skilled metal artisans.

This entrance in its entirety was designed, engineered, fabricated and installed by Firecraft "Specialists". To the passerby and all those who enter—this entrance signifies "Headquarters of Metal Door Specialists."

TYPICAL SOUND PROOF DOOR INSTALLATIONS

Architect, Albert Kahn & Associates—1178 Doors

Pratt & Whitney
Hamilton Standard Propeller Div.
Buick Div. General Motors Corporation
Chevrolet Div. General Motors Corporation
Chrysler-Dodge Corporation
Wright Aeronautical, Lockland Plant

Associated Architects, Giffels & Vallett, Inc., and L. Rossetti—1667 Doors

Continental Motors Corporation
Ford Motor Company
Studebaker Corporation
Nash-Kelvinator Corporation

Architect, Allen & Kelly—395 Doors

Electro-Motive Div. General Motors Corporation
Allison Division General Motors Corporation

Architects, J. G. White Engineering Corp.—92 Doors

General Electric Company, Syracuse Plant

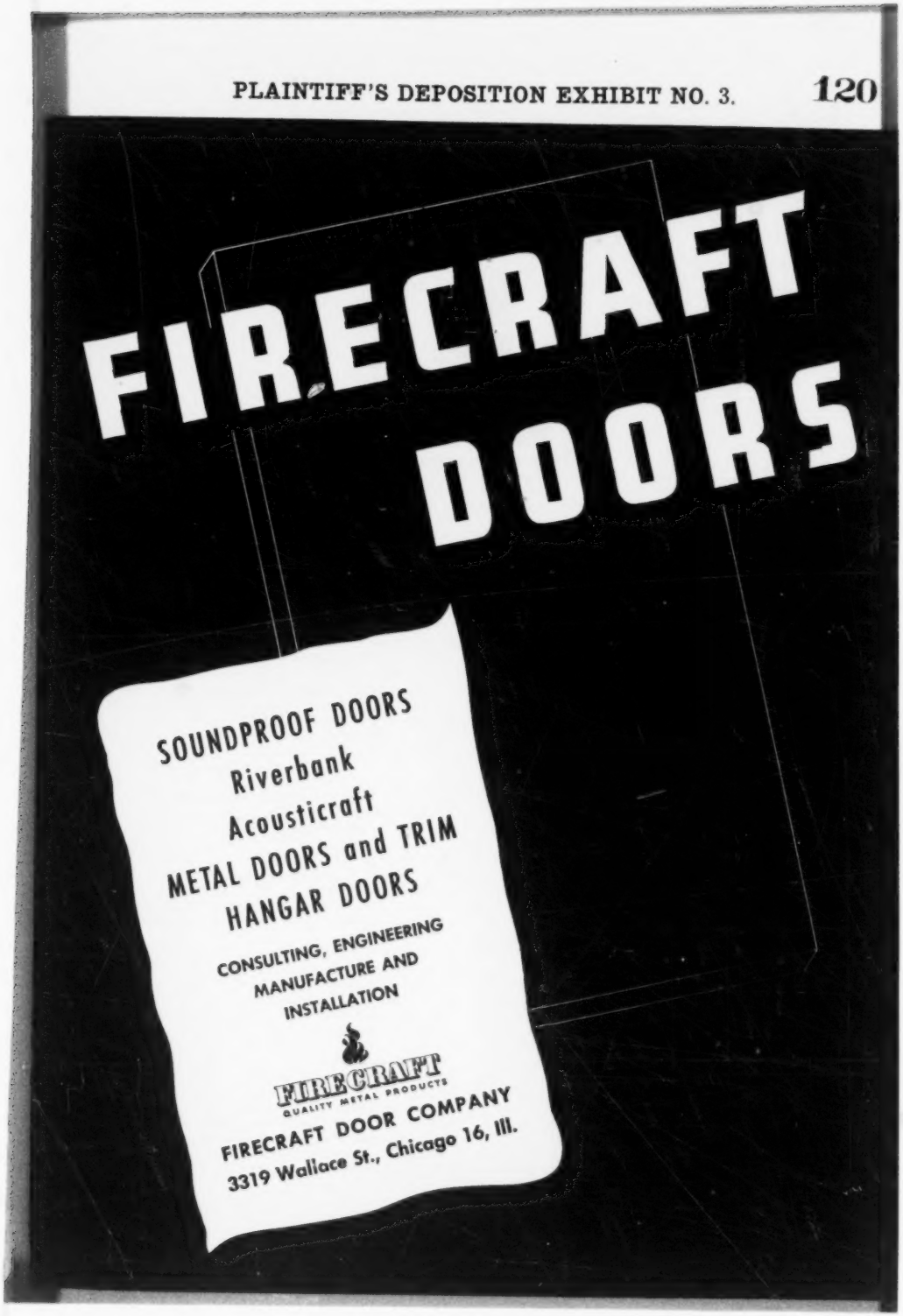
★

TYPICAL SPECIAL DOOR INSTALLATIONS

	TYPE OF INSTALLATION
Pressed Steel Car Company, Inc. Chicago, Ill.	1,000,000 Volt, 18" thick Power Operated X-Ray Door
Chickamauga Power House Chattanooga, Tenn. Archt.: Tennessee Valley Authority	110 Steel Frames 54 Metal Doors
U. S. Southwestern Reformatory El Reno, Okla. Archt.: J. O. Parr	190 Confinement Cell Doors and Frames
The Pullman Company Chicago, Ill.	2400 Troop Sleeper Doors
Laurel Homes Addition Cincinnati, Ohio	1817 Steel Frames 290 Hollow Metal Doors
Tribune Tower Chicago, Ill. Archt.: Leo. J. Weissenborn	22 Passenger Elevator Doors

FIRECRAFT DOOR DIVISION
Firecraft Corporation
3319 Wallace Street • • • Chicago 16, Illinois

PLAINTIFF'S DEPOSITION EXHIBIT NO. 3. 120



"RIVERBANK" SOUND INSULATING DOORS

Typical Riverbank Aviation Test Cell Opening

RIVERBANK DOORS—CUSTOM BUILT TO CONTROL AND MINIMIZE SOUND

Pre-eminent in the field of industrial sound insulation, Firecraft engineered Riverbank doors are found wherever the control of industrial noise is an acute problem.

For example, in modern aviation engine plants, the engines create a stupendous noise when being run in the test rooms or cells. The problem is to prevent most of the nerve-shattering noises from reaching the rooms where engineers must work. You will therefore find Riverbank doors confining the engine noises in the test cells of Air Cooled, Allison, Buick Chevrolet, Continental, Ford, Lincoln, Nash-Kelvinator, Packard, Pratt & Whitney, Studebaker and Waukesha Motors.

Firecraft engineering and research provides simple adjustments and economical maintenance on every installation thereby assuring many years of efficient sound insulation.

Industrial Riverbank doors constantly safeguard property and lives from the spread of fire. Proof of the fire retarding qualities of metal covered Riverbank doors was obtained by submitting a complete opening to severe fire tests at the Underwriters' Laboratories.

The high degree of sound insulating efficiency obtained by Firecraft engineered Riverbank installations is due to years of painstaking research. Laboratory experiments and field tests under actual operating conditions have determined all of the following functional designs of door, frame, hardware, crack closure and methods of installation.

DOOR PANELS Are constructed of built-up wood stiles and rails, having acoustically damped, resiliently mounted wood panels separated by an insulating air space. This construction not only minimizes or damps out the drum and segmental vibrations, but according to rigid laboratory tests, develops an average sound reduction, of not less than 43 decibels over a frequency range from 125 cycles to 2070 cycles, taken at not less than 25 test frequencies.

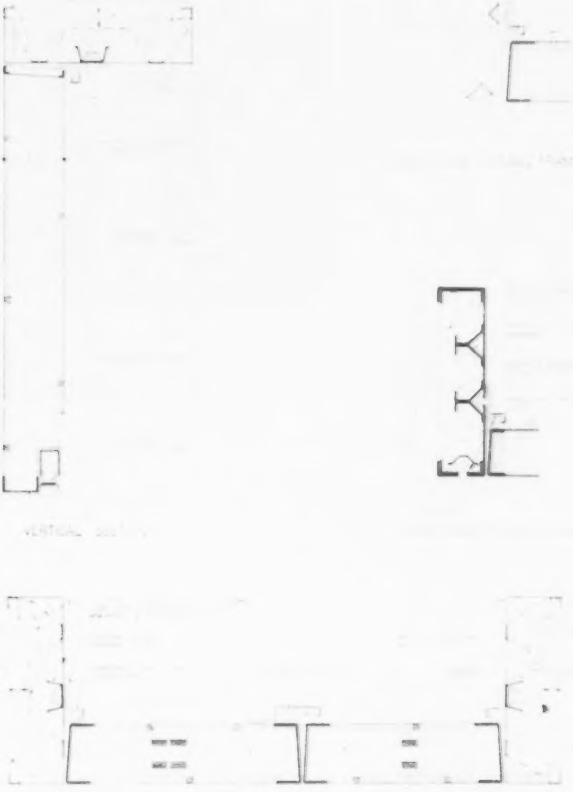
FRAME CONSTRUCTIONS Victory metal covered, precast concrete frames are designed to conserve metal. When metal conservation is not necessary, frames built to close tolerances from structural shapes or "Ecmocraft" formed plates, are rigidly welded or anchored into masonry walls.

HARDWARE Ruggedly constructed ball and thrust bearing strap hinges keep door panels in perfect alignment. "Seacraft" locks are multiple latching, vibration proof, specially designed locking mechanisms which seal doors tightly in gaskets. Locking functions, such as, master keyed cylinder locks and panic exit bars may be furnished if desired.

CLEARANCE CRACK CLOSURES Gaskets of moulded heat and oil resistant sponge Neoprene are fitted into permanently locking, adjustable door stops at head and jambs. Perfect closure is obtained at sill with "Auto-Seal" threshold closer which seals Neoprene against sill when door closes and which retracts instantly when door opens.

INSTALLATION All industrial Riverbank doors, frames and hardware are installed by Firecraft's thoroughly trained mechanics. After complete installation has passed rigid field inspection tests, the Riverbank "Sound Proof Unit" label is applied to each door panel as a guarantee that the installation will render the designed sound reduction.

Typical Riverbank construction features on a pair of doors are shown on opposite page. Additional details showing methods of adaptation to peculiar building conditions or door functional requirements will be furnished upon request. Laboratory records of sound insulating door tests are also available.



STANDARD DETAILS

RIVERBANK SECTIONS WITH "VICTORY" FRAMES
Doors in Pairs with "Sealcraft" Hardware

FIRECRAFT DOOR COMPANY
RIVERBANK SOUND INSULATING DIVISION

SCALE 1 1/2" - 1'-0"

PLATE NO. C-101

ACOUSTICRAFT SOUND INSULATING DOORS

Typical Acousticraft Single Door Opening

ACOUSTICRAFT DOORS—ECONOMICAL SOUND INSULATION

To meet the industrial need for economical sound proof doors, with a high decibel reduction factor, Fiscraft research engineers have developed the Acousticraft doors, frames, gaskets and hardware. Like the well known Riverbank doors, the Acousticraft unit is scientifically designed—a coordinated development—not a "Rule of Thumb" product.

Acoustical laboratory research indicates that the efficiency of sound insulating doors to keep out sound is dependent on the following:

a—Construction of door panel, kind of materials used and arrangement of the various members to avoid acoustical coupling between faces of door.

b—Absence of fissures or sound channels between frame members and walls, also degree to which frame becomes an integral part of wall construction.

c—Kind of gaskets used and method of fastening at jambs, head and sill to produce door clearance crack closures.

d—Efficiency of hardware to hold door panel securely sealed in crack closures.

The Acousticraft design utilizes all of the above basic principles of efficient door sound insulation, but great economies are effected in the construction and installation due to the entirely new functional designs of doors, frames, hardware and gaskets.

Some of the outstanding developments which are indicated in the cut-away isometric and detailed drawings on the opposite page are listed below.

DOORS—Cores consist of built-up wood stiles and rails. "Rysdonite" panels are fastened to both faces of door (24 gauge sheet steel mechanically spot welded to metal inserts in laminated wood panel). Space between "Rysdonite" panels is divided into two insulating air spaces by means of non-resonating, floating, acoustical baffle. In the larger air space acoustical absorbent material is fastened to inside face of "Rysdonite" panel.

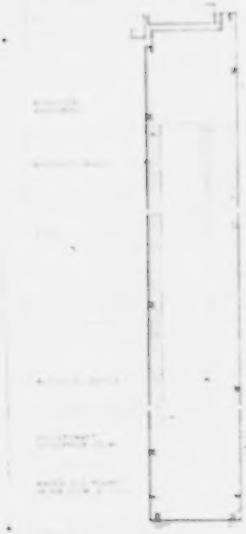
FRAME CONSTRUCTION—Built up of beveled wood members covered with 24 gauge steel and rigidly anchored in pocket or rabbett provided in concrete walls. Frame members are shipped knocked down and installed simultaneously with doors and hardware. This construction permits contractor proceeding with pouring of walls without waiting for other trades.

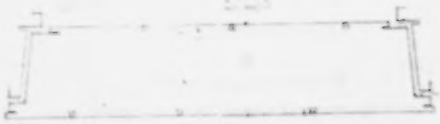
SPECIALLY DESIGNED HARDWARE—To compensate for variations in building construction and to allow for adjustments after doors have been in use, it is necessary to have hardware with special adjustable features. Hinges are of the strap type extending full width of door panel, having special "6-way" adjustable feature in pintle to provide means whereby door panel can be raised or lowered, adjusted in or out from stop and moved to or from hinge jamb. This produces perfect alignment of door panel at time doors are installed and permits adjustments to compensate for wear or compression on gasket.

Locking mechanism provides multiple latching points with simple pull handle and panic push plate release. Strikes have micrometer adjustment feature to further compensate for variations in compression of gaskets on lock jamb.

GASKETS—On the Acousticraft door, double gaskets are installed around entire perimeter of door so as to provide a double seal at all clearance cracks. This construction is highly efficient with adjustable hardware features. Acousticraft doors are already recognized as efficient, economical sound-proof door installations as evidenced by their installation in some of the largest industrial plants in the country.

Additional construction details and engineering layouts will be furnished upon request.





STANDARD DETAILS

ACOUSTICRAFT SECTIONS AND ISOMETRIC
Single Swing Unit with Adhere Hardware

FIRECRAFT DOOR COMPANY
RIVERBANK SOUND INSULATING DIVISION

, SCALE

PLATE NO.

POOR COPY

HOLLOW METAL FRAMES AND DOORS

"UNIMETAL" PRESSED STEEL COMBINATION BUCKS, JAMBS AND TRIM

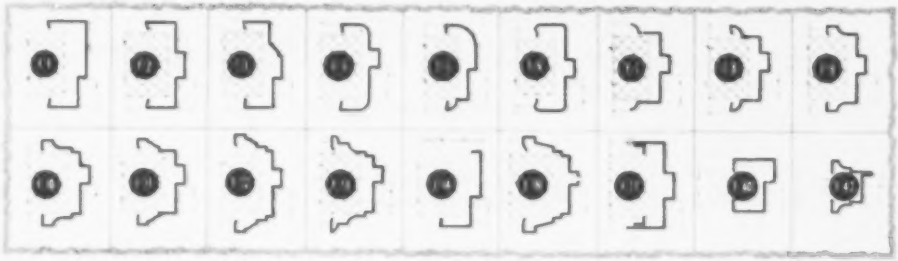
Each frame member is formed from sturdy steel plates with jamb of buck jamb and trim to suit type and thickness of wall. Steel is 16 to 12 gauge, depending on size, service, and wall construction.

HARDWARE Fabrication of metal frames necessitates complete hollow-tie schedule and templates.

UNDERWRITERS' LABELS Can be furnished when so specified.

FINISHES Air dried primer, baked primer, or baked enamel in plain color, grained or stippled.

TYPES Only a few standard designs are shown below. Many other special and standard designs are obtainable.



HOLLOW METAL DOORS FOR ALL ARCHITECTURAL REQUIREMENTS

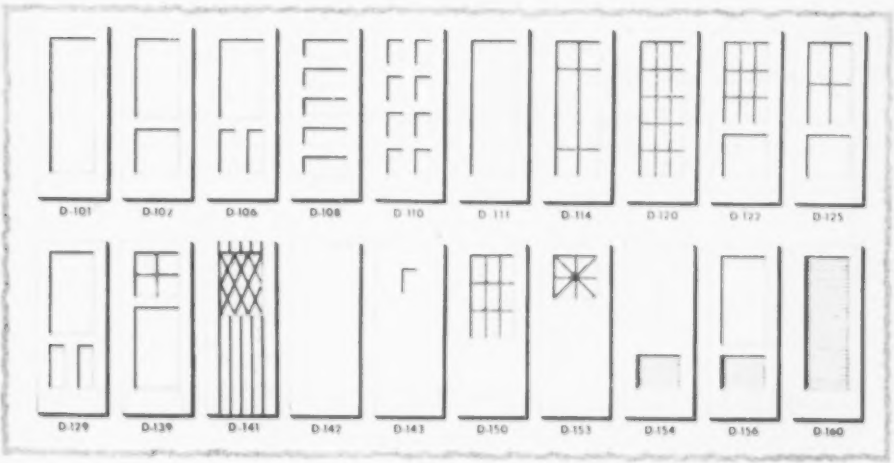
Doors are manufactured of 18 to 12 gauge cold rolled, stretcher-leveled stainless steel. All joints welded and welds are dressed smooth and invisible. Metallic unity is maintained by the use of identical materials in doors, trim and panels.

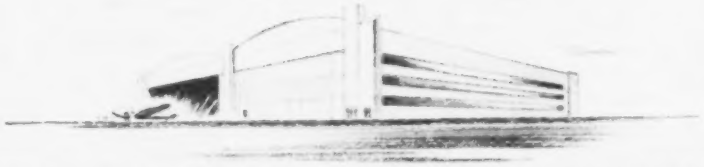
HARDWARE Complete hardware schedule and templates are necessary before fabrication of doors can be started.

UNDERWRITERS' LABELS Fireproof doors bear the label of the National Board of Fire Underwriters or factory mutuals when so specified.

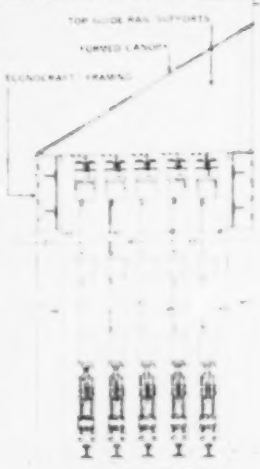
FINISHES Air dried primer, baked primer, baked enamel, grained, stippled or plain color.

TYPES AND DESIGNS Only a few representative door designs are shown below. They can be furnished in stainless steel, bronze and aluminum in numerous designs.





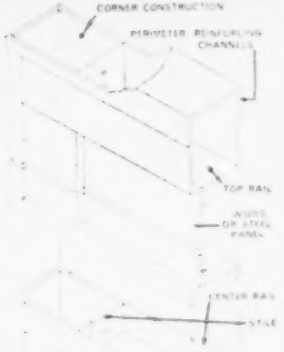
FIRECRAFT STRAIGHT SLIDE "STURDI-CRAFT" HANGAR DOORS



VERTICAL SECTION

"STURDI-CRAFT" ADVANTAGES

- Requires less steel of lighter gauges—with greater strength and rigidity obtained through special construction features.
- Rigid construction and maximum resistance to wind pressure obtained by multiple thickness metal at all edges and center stile.
- Panels and sash made of wood or metal are interchangeable.
- Modern, streamlined appearance with invisible welds, concealed hardware and fittings.



CONSTRUCTION ISOMETRIC

FIRECRAFT—Specialists in Hangar Door Construction

Firecraft engineers are specialists in designing of doors for hangars, crane entrances and similar large doorways because of their wide experience and seasoned knowledge in the manufacture and installation of custom built metal doors for various and exacting industrial purposes. Through their continuous research and development work, they are able to cope with the many important factors involved and to build a door that is scientifically and structurally sound, easily and quickly operated with a minimum of maintenance.

"Sturdi-Craft" Straight Slide Doors can be designed to almost unlimited dimensions for airplane hangars, or wherever exceedingly large doorways are involved. The Straight Slide type, as detailed above, is primarily intended for sizes ranging from 12 feet to 35 feet in height, though it is equally suited for openings of considerably greater size.

Sliding hangar doors are normally operated by hand, but to facilitate opening and closing them with comparatively fast speed, they can also be motor operated.

"Sturdi-Craft" Hangar doors in addition to the straight slide type may be furnished in many other designs and types of operation.

Firecraft places at your disposal the specialized door building experience of its Engineering Department for consultation and recommendations regarding your particular hangar door problems.

FIRECRAFT
STEEL METAL PRODUCTS

NATIONALLY KNOWN USERS OF FIRECRAFT PRODUCTS

ALLISON DIVISION OF GENERAL MOTORS CORP.
AMERICAN LOCOMOTIVE COMPANY
AUTOMATIC TRANSPORTATION COMPANY
BELL TELEPHONE SYSTEM
BENDIX AVIATION MOTORS DIVISION
BUICK AVIATION MOTORS DIVISION
CHEVROLET AVIATION MOTORS DIVISION
CHICAGO TRIBUNE BUILDING CORPORATION
CHRYSLER CORP.
CONTINENTAL MOTORS CORP.
A. B. DICK CO.
DU PONT DE NEMOURS AND CO., INCORPORATED
ELECTRO-MOTIVE CORP.
FORD MOTOR CO.
GENERAL ELECTRIC CO.
GEORGIA POWER & LIGHT CO.
W. T. GRANT CO.
GREYHOUND BUS LINES
HAUGHTON ELEVATOR CO.
HIGGINS INDUSTRIES, INC.
HIRAM WALKER CO.
INTERNATIONAL HARVESTER CO.
KRAFT-PHOENIX CHEESE CO.
KELLOGG SWITCHBOARD AND SUPPLY CO.
S. S. KRESGE CO.
LINK-BELT CO.
MONTGOMERY WARD & CO.
NASH KELVINATOR CORP.
OTIS ELEVATOR CO.
PABST BREWING CO.
PACKARD MOTOR CAR CO.
PAN AMERICAN REFINING CORP.
PEPSODENT CO.
PRATT & WHITNEY AIRCRAFT CO.
PRESSED STEEL CAR CO., INC.
PULLMAN-STANDARD CAR MANUFACTURING CO.
REMINGTON RAND, INC.
SEARS ROEBUCK & CO.
SHERWIN-WILLIAMS CO.
STANDARD OIL CO. OF N. J.
STONE & WEBSTER ENGINEERING CORPORATION
STUDEBAKER CORP.
TENNESSEE VALLEY AUTHORITY
TURNER CONSTRUCTION COMPANY
WALGREEN DRUG COMPANY
WESTINGHOUSE ELECTRIC ELEVATOR CO.
WESTINGHOUSE ELECTRIC AND MANUFACTURING CO.
F. W. WOOLWORTH CO.

FIRECRAFT DOOR COMPANY
3319 Wallace St., Chicago 16, Illinois

REPRESENTATIVES IN ALL PRINCIPAL CITIES

228

229 Plaintiff's Deposition Exhibit No. 4.

Frederick D. Ludlow
5619 Dorchester Ave.
Chicago 37, Ill.

May 27, 1953

Mr. Maulsby Forrest
Georgian Hotel
422 Davis Street
Evanston, Illinois

Dear Mr. Forrest:

Commenting on your letter to Dr. Sabine of May 26th, although I have no wish to prolong a "tempest in a teapot" I do think that the reporting in that letter is not as accurate as it should be and I want to correct the record.

You report that I advised you that I desired to "withdraw" and to "retire". I did say that I expected to retire in 1954 and foresaw the necessity for dissolution of the partnership but my immediate indication of "withdrawal" is your own interpretation, and I can readily understand both Dr. Sabine's and my own attorney's reaction to it.

The letter also reports that "he" (Ludlow) "added, paraphrased, that the sooner he could get his money the better". I neither said nor implied anything of the sort and frankly don't like it. I understood you to say at the meeting that the division of the assets would be on the present ratio of distribution. I only remarked that there would not be any controversy on that—it was perfectly fair as far as I was concerned. I so reported to Dr. Sabine after the meeting.

Another inaccuracy I would point out is the statement that "the Laboratories has done all the work". Perhaps that is a natural assumption as you have had no contact with my contribution to the success of the venture.

Since Dr. Sabine's move to Colorado Springs I have carried out the obligations of the terms of the Agreements, single handed, both with Hardwood Products and with Firecraft by almost ceaseless consultation on technical matters, sales promotion and advertising; I have made exhaustive trips with Mr. Heidemann; have teamed up with him in settling serious complaints; have constantly checked and criticized the quality of the manufactured product;

have talked with and corresponded with architects and prospective customers in Hardwood Products' interests. My calendar pad shows that during the month of April, for example, I had eighteen consultations, both with Neenah and Hardwood's Chicago office alone on technical matters concerning the Riverbank door.

230 In recent years the Laboratories have done almost no technical work for Hardwood, in fact have vetoed their suggestions for promotional tests which their management wanted. Someone had to provide the services as called for in the Agreement over and above the use of the patent. This has fallen to me. I have never received, since 1941, any compensation from Hardwood for these services except my portion of the distribution of partnership funds.

This is just to set the record straight as to who has been doing "all the work" and for what compensation.

I am glad to note that you feel that the failure of both Dr. Sabine and myself to sign the withdrawal letters prepared for us is not of real importance to you. After receipt of the copies of the various Agreements you kindly sent me my attorney advised me not to sign for the same reasons presented by Dr. Sabine but did not think the matter of serious consequence to you.

I am hoping you will take all this in the spirit in which it is meant—merely taking this opportunity to let off considerable accumulated steam but with personal regards, I am

Sincerely,

Fred Ludlow

FOL:jb
cc—Dr. Paul E. Sabine
Mr. Wm. C. Wood
Mr. E. J. Benson

231 Plaintiff's Deposition Exhibit No. 5.

Subpoena Duces Tecum Case No. 54 C 300

UNITED STATES DISTRICT COURT
Northern District of Illinois.

The President of the United States of America

To Charles D. Heidemann —Greeting:

We Command You, that all business and excuses being laid aside, you and each of you attend before Leon M. Golding, a notary public, on the 15th day of April, A.D. 1954, at 2 o'clock in the afternoon in Room 928, 127 North Dearborn St., Chicago, Illinois, to testify and give evidence in a certain cause now pending and undetermined in said Court, wherein Riverbank Laboratories is Plaintiff and Hardwood Products Corporation is Defendant, on the part of said Plaintiff. And that you also diligently and carefully search for, examine, and inquire after and bring with you, and produce at the time and place aforesaid, all correspondence and telegrams and copies of correspondence and telegrams between you and Hardwood Products Corporation in the years 1953 and 1954; all records of moneys received by you from Hardwood Products Corporation during the years 1953 and 1954; lease for the premises at 75 East Wacker Drive, Chicago, Illinois, occupied as an office by you with the name Hardwood Products Corporation on the door; all records of moneys paid or transmitted by you to Hardwood Products Corporation in the years 1953 and 1954; all records of trips made by you with Frederick O. Ludlow during the years 1953 and 1954; all records of your appointments and consultations with architects, prospective customers, Firecraft Corporation, Firebar Doors, Inc. and other persons, firms and corporations on technical matters with respect to Riverbank doors during the years 1953 and 1954, together with all copies, drafts, and vouchers relating to the said documents, and all other documents, letters, and paper writings whatsoever, that can or may afford any information or evidence in said cause. And this

you shall in nowise omit, under the penalty of the law in that case made and provided.

To the Marshal of the Northern District of Illinois to execute and return in due form of law.

Roy H. Johnson,
Clerk,

(Seal)

By .....
Deputy Clerk.

Dated: April 8, 1954.

232 Plaintiff's Deposition Exhibit No. 6.

Dec. 15, 1953 Same 4139

Columbia Furniture Corp., 13-15 131st Street.
College Point, N. Y.

East-Coast J.H.S. 71 Add.

75-90 days.

In Pool car with our order #2715 if All possible. Crated.
Junior High School #71, Manhattan.
Riverbank 40 Decibel, Sawn Appalachian Red Oak.

2 RH swing Drs. 2-0 x 7-0 2½") Lt. Opg. 4" x 12" daylight, open.

2 LH swing Drs. 2-0 x 7-0 2½") for double glazing with ¼" glass by others, Bds. (Glass size 4¾" x 12¾") 10" margin at sides & top of door to daylight edge of glass.

(4139-1)

4 Sets of Riverbank Stops for Dr. Opg. 2-0 x 7-0) Appalachian Red Oak. Include black wood screws and stop adjusters.

(4139-2)

2 LH swing threshold Closers for Drs. 2-0 wide.
2 RH swing threshold Closers for Drs. 2-0 wide.
Closers from the Laboratory at Geneva, Ill.

(4139-3)

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4 1 Sketch (in duplicate).

233 Plaintiff's Deposition Exhibit No. 7.

Requisition

Hardwood Products Corp.
Neenah, Wisconsin.

No. 4142

Put this No. on all packages and invoices

Date Nov. 25, 1953

Riverbank Insulating Door Co., Geneva, Illinois

Please ship to us at Neenah, Wisconsin
Via
When
Price and Terms

Send Bill of Lading With Rate Inserted

"X"	35 Right Hand Closers	31½" long.
"X"	35 Left Hand Closers	31½" long.
	30 Left Hand Closers	35½" long.
	30 Right Hand Closers	35½" long.
"X"	10 Right Hand Closers	41½" long.
"X"	10 Left Hand Closers	41½" long.
	10 Left Hand Closers	47½" long.
	10 Right Hand Closers	47½" long.

Note — Include end plates & screws. Closers to be bundled for length & properly marked for length & swing.

Rush shipment of items marked "X". These are urgently needed.

HCN:JDL

Acknowledge Receipt of this order by number and advise us if you cannot ship as specified.

234 Plaintiff's Deposition Exhibit No. 8.

Dec. 16, 1953 Same 4138

Roddis Plywood Corp.
Door
Marshfield, Wis.

Home 26585

75-90 days

Via Truck, Crated.

Riverbank 35 Decibel, Unsel. Birch.

1 Dr. 3-10 x 7-0 $1\frac{3}{4}$" Lt. Opg. 10" x 10" daylight, Open for double glazing with $\frac{1}{4}$" glass by others, Bds. (Glass size $10\frac{3}{4}$" x $10\frac{3}{4}$") 10" margin from top of drs. to top daylight of glass.
(4138-1)

1 Set of Riverbank Stops for Dr. Opg. 3-10 x 7-0) Unsel. Birch. Include black wood screws and stop adjusters.
(4138-2)

1 LH Riverbank threshold closer for Dr. 3-10 wide.
Closer from Laboratory at Geneva, Illinois
(Customer to advise swing of door.
(4138-3)

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1 1 Detail.

235 Plaintiff's Deposition Exhibit 8A.

Department Correspondence.

Hardwood Products Corporation

Neenah, Wisconsin

January 11, 1954.

Riverbank Insulating Door Co.,
Geneva, Ill.

Re: Our Order # 4138. Roddis Plywood Corp. (Cust. #26585)

Gentlemen:

Information now furnished by customer indicates following changes, or supplementary information, needed on this order. Please adjust your records and have threshold closers furnished accordingly.

Have the door on this order prepared for LH swing.

Very truly yours,
Hardwood Products Corporation,
Edward J. Heckner.

EJH/MG

236 And afterwards on, to wit, the 13th day of May, 1954 there was filed in the Clerk's office of said Court a certain Affidavit of Maulsby Forrest As to Defendant's Doing Business in Illinois in words and figures following, to wit:

237 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

AFFIDAVIT OF MAULSBY FORREST AS TO DEFENDANT'S DOING BUSINESS IN ILLINOIS.

State of Illinois, } ss.
County of Cook. }

Maulsby Forrest, being first duly sworn, on oath says that he resides in Evanston, Cook County, Illinois; that he is president of Riverbank Laboratories, an Illinois not-for-profit corporation, plaintiff in the above entitled cause; that he has knowledge of the matters and things, and the facts, hereinafter stated; and that he makes this affidavit for the purpose of showing unto the court that the defendant, Hardwood Products Corporation, a Wisconsin corporation, was doing business in the State of Illinois on March 4, 1954 (the date of the service of process in this cause upon Charles D. Heidemann, agent and representative of the defendant, Hardwood Products Corporation, at its office in Chicago, Illinois.) Affiant further states that:

1. Plaintiff Riverbank Laboratories was, on March 4, 1954, and for more than fifteen years prior thereto had been, a partner in Riverbank Insulating Door Company, a co-partnership consisting of Paul E. Sabine, Frederick O. Ludlow, and the plaintiff. Said partnership, River-
238 bank Insulating Door Company, at all times had its office and place of business in the office of the plaintiff corporation, Riverbank Laboratories, in Geneva, Illinois, in the district and division aforesaid; and the person who there performed the secretarial duties and acted as office manager of the said partnership Riverbank Insulating Door Company was the same person who there performed the secretarial duties and acted as office manager of the plaintiff Riverbank Laboratories, and the salary of said person was shared by said partnership and the plaintiff corpora-

tion; and during all times the plaintiff Riverbank Laboratories acted as managing partner of said partnership, Riverbank Insulating Door Company.

2. On May 8, 1935, a patent application was filed in the United States Patent Office covering the construction of a sound insulating door, upon which United States Patent No. 2079878 was issued on May 11, 1937, being the same patent described in paragraph 10 of the complaint in this cause; and at all times herein mentioned two of the aforesaid partners in Riverbank Insulating Door Company, namely the plaintiff, Riverbank Laboratories, and Paul E. Sabine, have been the joint owners of said patent.

3. On or about September 12, 1936 said partnership, Riverbank Insulating Door Company, entered into an agreement in writing with the defendant, Hardwood Products Corporation, a true copy of which agreement is annexed as Exhibit 1 to the complaint in this cause, whereby the defendant, Hardwood Products Corporation, was granted, upon a royalty basis, the exclusive right to manufacture and sell the sound insulating doors covered by said patent, during the period of said agreement (which agreement terminated on March 30, 1954).

239 4. Since the inception of the aforesaid agreement in 1936, and continuously thereafter to and including March 4, 1954 (the date of the service of summons in this cause), the defendant, Hardwood Products Corporation, was doing business in the State of Illinois in the respects hereinafter stated:

(a) The defendant, continuously since 1936 until the time of the service of summons herein, has made royalty payments in the State of Illinois, under the aforesaid agreement, by delivering its checks for royalty payments each month to the office of Riverbank Insulating Door Company in Geneva, Illinois. The amount of royalties paid by the defendant in the State of Illinois during said period have been in excess of $3,000.00 per month.

(b) The defendant continuously since 1936 has delivered to Riverbank Insulating Door Company, at its office at Geneva, Illinois, a copy of each and every order filled by defendant for sound insulating doors manufactured and sold by it as licensee of said Illinois partnership, Riverbank Insulating Door Company.

(c) The defendant, continuously since 1936 until the time of the service of summons herein, has placed orders in the State of Illinois with Riverbank Insulating Door

Company for the manufacture in the State of Illinois of threshold closers essential for installation and use in connection with the installation and use of sound insulating doors manufactured and sold by said defendant as licensee of Riverbank Insulating Door Company. Approximately 3,000 threshold closers per annum have been manufactured at Geneva, Illinois, in fulfillment of defendant's orders. Continuously during said period, a substan-
240 tial number of said threshold closers have been shipped from Geneva, Illinois, to the defendant's principal place of business at Neenah, Wisconsin, on the written instructions of the defendant delivered to Geneva, Illinois; and a substantial number of said threshold closers have been shipped from Geneva, Illinois by Riverbank Insulating Door Company, for the account and risk of the defendant, Hardwood Products Corporation, to consignees specified by the defendant (being customers of the defendant), on defendant's written instructions received by Riverbank Insulating Door Company at Geneva, Illinois. The defendant has continuously during said course of business paid for all said threshold closers by delivering its checks therefor each month to Riverbank Insulating Door Company at Geneva, Illinois, on statements rendered each month by the Geneva, Illinois office of Riverbank Insulating Door Company, covering the cost to Riverbank Insulating Door Company of the manufacture and shipment of said threshold closers for the account of the defendant.

(d) The defendant continuously for more than ten years immediately preceding the day of the service of summons in this case, made shipments into Chicago, Illinois of large numbers of sound insulating door units covered by said patent No. 2079878, which door units were delivered in Chicago, Illinois to Firebar Doors Inc., an Illinois corporation, Firecraft Door Company, an Illinois corporation, and Firecraft Corporation, an Illinois corporation; which sound insulating door units, manufactured and sold to said corporations by the defendant, Hardwood Products Corporation, were, in Chicago,
241 Illinois, encased and sealed in structural steel frames and thereafter sold by Firebar Doors Inc. and the other aforementioned Illinois corporations for special door purposes. The sale and shipment of sound insulating door units by the defendant, Hardwood Products Corporation, to the aforesaid Illinois corporations, was made pursu-

ant to written agreements between the plaintiff, the defendant, and the aforesaid Illinois corporations, which agreements embodied mutual promises and covenants of all said parties thereto, authorizing said sales and shipments of said sound insulating doors into Illinois, and providing for the payment of royalties and commissions on the same, and for the licensing of the use of the name Riverbank in connection with the sale in Illinois of such specially encased sound insulating door units.

(e) The defendant, on March 4, 1954, the day of the service of summons herein, and continuously for many years immediately prior thereto, maintained an office in the building at 75 East Wacker Drive, Chicago, Illinois, in the district and division aforesaid. In charge of said defendant's office in Chicago, Illinois at all times hereinabove mentioned, and manager thereof, was Charles D. Heidemann, of legal age and a resident of Chicago, Illinois, who was the agent and representative of the defendant upon whom service of summons was made. On the door of said office were painted the words "Hardwood Products Corporation"; in the building directory, at the entrance of the building at 75 East Wacker Drive, was listed the name of defendant "Hardwood Products Corporation"; the Chicago telephone directory listed the name of the defendant "Hardwood Products Corporation" at 75 East Wacker Drive; and the letterhead used at all times hereinabove mentioned by the defendant corporation contained the printed legend "Chicago Office 75 East Wacker Drive."

242 (f) Contrary to the statements contained in the affidavit of Charles D. Heidemann, affiant says that said Charles D. Heidemann was manager of the Chicago office of the defendant for many years prior to and at the time of the service of summons herein, and conducted important and substantial business activities of the defendant (other than the mere solicitation of orders) in Chicago and other places in Illinois, all of which appears from his deposition taken on April 15, 1954, and which further appears from the deposition of Henry J. Young, vice-president and treasurer of the defendant, taken on April 16, 1954.

Maulsby Forrest.

Subscribed and sworn to before me this 12th day of May, 1954.

(Seal)

Joan Weber,
Notary Public.

243 And afterwards on, to wit, the 20th day of May, 1954 came the Plaintiff by its attorneys and filed in the Clerk's office of said Court its certain Motion for Temporary Injunction in words and figures following, to wit:

244 IN THE UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

MOTION FOR TEMPORARY INJUNCTION.

Riverbank Laboratories, a corporation, plaintiff in the above entitled cause, by William J. Friedman, Maurice Rosenfield and Jack H. Oppenheim, its attorneys, moves this Court to enter an order, and to command the Clerk of this Court to issue a writ of injunction, restraining and enjoining Hardwood Products Corporation, defendant herein, and its officers, agents and servants, until the further order of this Court:

From using, applying, advertising or publicizing, in any manner whatsoever, the name "Riverbank" or "Riverbank Laboratories" in connection with the sale or offer for sale of doors manufactured by defendant.

In support of this motion there are filed herewith the affidavit of Maulsby Forrest and the affidavit of Richard Hammerberg.

William J. Friedman,
Maurice Rosenfield,
Jack H. Oppenheim,
Attorneys for Plaintiff,
208 South LaSalle Street,
Chicago 4, Illinois,
Telephone—DEarborn 2-5580.

245 And on the same day, to wit, the 20th day of May, 1954 there was filed in the Clerk's office of said Court a certain Affidavit of Maulsby Forrest in Support of Plaintiff's Motion for a Temporary Injunction in words and figures following, to wit:

246 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

AFFIDAVIT IN SUPPORT OF PLAINTIFF'S MOTION FOR A TEMPORARY INJUNCTION.

State of Illinois, }
County of Cook. } ss.

Maulsby Forrest, being first duly sworn, on oath says that he resides in Evanston, Cook County, Illinois; that he is president of Riverbank Laboratories, an Illinois not-for-profit corporation, plaintiff in the above entitled cause; that he has knowledge of the matters and things, and the facts, hereinafter stated; and that he makes this affidavit in support of plaintiff's motion for a temporary injunction herein.

Affiant further states that:

1. Continuously from the year 1912 until the incorporation of plaintiff in 1921, plaintiff's predecessor, Riverbank Laboratories (a sole proprietorship) situated at Geneva, Illinois, carried on scientific research and experimentation, not for profit, in the field of acoustics, insulation of sound, and related matters, as well as research and experimentation in other scientific fields. In 1921 Riverbank Laboratories was organized as a corporation not for profit under the laws of the State of
247 Illinois, whereupon the name Riverbank Laboratories became the corporate name and sole property of plaintiff, and upon its incorporation, plaintiff succeeded to the sole ownership of the goodwill, trade name, buildings, laboratories, tools, instruments, research data, library and the reputation for scientific endeavor of its predecessor Riverbank Laboratories.

2. Continuously from the incorporation of plaintiff in the year 1921 until the present time, plaintiff has retained

the corporate name and identity of Riverbank Laboratories, and has carried forward at Geneva, Illinois, on the same site as its predecessor Riverbank Laboratories, and in the buildings and laboratories originally constructed by its said predecessor and improved from time to time by plaintiff, scientific research and experimentation, not for profit, in the field of acoustics, insulation of sound, and related matters, as well as research and experimentation in other scientific fields.

3. Continuously since its original founding, the scientific achievements of Riverbank Laboratories have become nationally and internationally renowned; the findings and results of its research and experimentation have become disseminated throughout the world; its disinterested devotion to the advancement of scientific progress and its pioneering work in many scientific fields, leading to the establishment and acceptance of standards of scientific measurement, precision and control in fields where acceptable standards had not existed before, has conferred a unique reputation and prestige upon Riverbank Laboratories and has resulted in the universal identification of the name of Riverbank Laboratories, and its colloquially shortened version, Riverbank, with scientific excellence. For the same reasons, the name Riverbank when named as the source of development of a certain product 248 used in science and industry, universally conveys the meaning that such product meets the scientific tests and standards established by, and has the sponsorship of, Riverbank Laboratories.

4. Continuously since prior to World War I, the armed services of the United States, its civilian auxiliaries, and its contractors and subcontractors, have drawn directly and indirectly upon the experience, knowledge, research, findings and discoveries of Riverbank Laboratories and have put to use the tools, inventions, scientific products, devices and instruments developed and improved by Riverbank Laboratories. Thereby plaintiff's predecessor has contributed, and plaintiff has in the past, now does, and will in the future make substantial scientific contributions to the defense of the United States; and the awareness among scientific and industrial circles of the nature of such activities for the armed services has enhanced the reputation and prestige of Riverbank Laboratories.

5. For many years the scientific standards developed by plaintiff's predecessor and plaintiff, in the specialized field

of acoustics and insulation of sound, have been accepted by architects, engineers and builders throughout the United States as the guiding and controlling standards for the construction and testing of the acoustical and sound insulating properties and characteristics of materials, products and constructions made, devised and built to solve acoustical problems arising in the construction of factories, defense plants, schools, hospitals and other buildings; and the Acoustical Materials Association, a trade organization consisting of all recognized manufacturers of sound insulating materials in the United States has for many years last past designated Riverbank Laboratories as the sole arbiter, in accordance with standards developed and promulgated by Riverbank Laboratories, of
249 the acoustical qualities of all such materials. Certification by Riverbank Laboratories of the acoustical qualities of a material is accepted as scientifically accurate, and is the only certification in that field which is accepted as scientifically accurate, throughout the United States.

6. By reason of the matters set forth above in paragraphs 1 to 5, inclusive, of this affidavit, the name Riverbank Laboratories and its colloquially shortened version Riverbank acquired long prior to the year 1935, and still retains, a unique reputation and prestige not only among members of scientific circles but also among architects, engineers, builders and contractors, with the result that the name Riverbank Laboratories and its colloquially shortened version Riverbank have attained a special meaning in connection with the testing, development and use of materials for sound insulating.

7. On May 8, 1935, when the name Riverbank possessed the reputation and meaning described in paragraph 6 of this affidavit, a patent application was filed in the United States Patent Office covering the construction of a sound insulating door which had been developed at Riverbank Laboratories, and upon which application there was subsequently issued on May 11, 1937 United States Patent No. 2079878; and from the time of the application for said patent continuously until the time of its expiration on May 11, 1954, the plaintiff, Riverbank Laboratories, was the owner of an undivided one-half interest in said patent.

8. The sound insulating door covered by said patent was continuously since first sold in commerce designated by the name Riverbank to indicate its development at and

sponsorship by Riverbank Laboratories, and was, during all of said period called, by virtue of the license and agreements hereinafter described, the "Riverbank Sound Insulating Door."

250 9. More than sixteen years ago, plaintiff corporation Riverbank Laboratories, together with the joint owner of said patent and a third person formed a joint enterprise for the purpose of controlling the marketing of the sound insulating door developed at Riverbank Laboratories, and the control of the design and specifications for its manufacture; which joint enterprise, because of its sponsorship by Riverbank Laboratories, and the latter's participation therein, has been called the Riverbank Insulating Door Company.

10. On or about September 12, 1936, Riverbank Insulating Door Company entered into an agreement in writing with the defendant Hardwood Products Corporation, a true copy of which agreement is annexed to the complaint herein as Exhibit 1, whereby the defendant Hardwood Products Corporation was granted, upon a royalty basis, the exclusive right to manufacture and sell the Riverbank Sound Insulating Door throughout the United States, with the proviso that,

"The Hardwood Products Corporation agrees not to manufacture, sell or advertise for sound insulating purposes any door or any device connected therewith except doors and devices covered by agreement with the Riverbank Insulating Door Co. and not to depart from the present design and specifications without the advice and consent in writing of the Riverbank Insulating Door Co."; and it was further provided that said agreement "may be terminated by either party upon ninety days written notice".

11. Continuously since the inception of the aforesaid agreement, and limited by its terms, the defendant Hardwood Products Corporation has manufactured, advertised and sold sound insulating doors having the design and specifications set forth in said patent; and the purchasers from defendant of Riverbank Sound Insulating Doors have been informed, and understand when purchasing the

251 same, that the name "Riverbank", as applied to said doors, means and is intended to mean that the sound insulating characteristics and qualities of said doors are vouched for and sponsored by Riverbank Laboratories, and that the latter has lent its name thereto so that the

purchasers would be assured of a product meeting the high scientific standards long established at Riverbank Laboratories for testing sound insulating materials and products, with which standards the name "Riverbank" was and is synonymous.

12. On or about December 2, 1953 the defendant, Hardwood Products Corporation, transmitted a letter directed to affiant and Riverbank Laboratories, at Geneva, Illinois, advising that the defendant had registered as its trade mark the name "Riverbank" in connection with the manufacture and sale of sound insulating doors by defendant, and further advising that defendant intended to use the name "Riverbank" after the expiration of said Patent No. 2079878 on May 11, 1954 without obtaining any license for such use of the name "Riverbank" from the Plaintiff, Riverbank Laboratories. Affiant states that such registration of the name "Riverbank" was made without notice to and without the knowledge or consent of plaintiff or affiant; and that such registration was made with the fraudulent intent on the part of the defendant to practice a deception upon the public after the expiration of said patent, that is, after May 11, 1954, by then appropriating the good name and reputation of Riverbank Laboratories through the adoption of the colloquially shortened version of plaintiff's name, Riverbank (which name has the unique meaning in the acoustical and sound insulating field which is described in paragraph 11 above), and by applying the said name "Riverbank" to doors, the design of and specifications for which Riverbank Laboratories would no longer have any control in the event that defendant's stratagem were not restrained.

252 13. The said partnership, Riverbank Insulating Door Co., was dissolved as of the close of business March 30, 1954; and the said Patent No. 2079878 expired on May 11, 1954.

14. The defendant, Hardwood Products Corporation, has not since May 11, 1954, had any right, license, privilege, authority, consent or permission from anyone to use the name "Riverbank" in connection with the manufacture and sale by it of doors or other products.

15. Affiant further states that the defendant, Hardwood Products Corporation, notwithstanding the termination of its privilege to use and apply the name "Riverbank" in connection with the sale by it of sound insulating doors, has continued, without any license or authority whatso-

ever, since after May 11, 1954, and still so continues to use the name "Riverbank" in connection with its solicitation and acceptance of orders for sound insulating doors manufactured by it. The defendant has advised affiant and the plaintiff corporation that it, the defendant, intends to continue to apply and use the name "Riverbank" in connection with its manufacture and sale of sound insulating doors, without license or authority from the plaintiff. Since after May 11, 1954, the defendant, in connection with its solicitation of orders for sound insulating doors manufactured by it, has supplied circulars and other literature to prospective customers, designating the defendant's product as "Riverbank Sound Insulating Doors", and has continued to trade on the name and reputation of the plaintiff corporation by representing in such circulars and other literature supplied to prospective customers that Riverbank Sound Insulating Doors "embody results of extensive research at the Riverbank Laboratories, Geneva, Ill."

253 16. Affiant further states that the continuing acts and conduct of defendant described above, and the continued use in the future by defendant, as threatened by it, of the name "Riverbank", in connection with the manufacture and sale of sound insulating doors, will injure and damage the plaintiff in the following respects:

(a) Plaintiff will lose license fees, royalties and other compensation, to the extent of more than $10,000.00 annually which plaintiff would receive from such manufacturer as it would choose to give its license for the use of the name Riverbank in connection with the manufacture and sale of sound insulating doors, the design of and specifications for which Riverbank would exercise control, and which would meet the scientific tests and standards for which Riverbank Laboratories has attained the reputation hereinabove described.

(b) Plaintiff will be irreparably injured and damaged by defendant's use of the name Riverbank in connection with the manufacture and sale of sound insulating doors, the design of and specifications for which would not be under plaintiff's control, so that the sound insulating characteristics and qualities of such doors may be deteriorated while bearing the name Riverbank, to the deception of the public, and thus result in the destruction of the prestige and reputation of Riverbank Laboratories.

(c) The destruction of the prestige and reputation of

Riverbank Laboratories, which would result under the conditions described in subparagraph (b) above, will further result in the withdrawal of support by scientific and industrial institutions of the program of research and
254 experimentation constantly being carried out at Riverbank Laboratories, and thereby diminish the rate of scientific progress in fields where continued progress is of the utmost necessity for the development of products, processes, instruments and devices necessary for the defense of the United States.

(d) Plaintiff is presently suffering irreparable injury and damage, in the respects set forth above, by reason of the conduct of defendant in respect to the use of the name "Riverbank" and "Riverbank Laboratories" since May 11, 1954 in the manner appearing from the affidavit of Richard Hammerberg.

Maulsby Forrest.

Subscribed and sworn to before me this 19th day of May, 1954.

(Seal) Wanda P. Purzycki,
Notary Public.

255 And on the same day, to-wit, the 20th day of May, 1954, there was filed in the Clerk's office of said Court a certain Affidavit of Richard Hammerberg With Exhibits A and B, Attached Thereto, in words and figures following, to-wit:

256 IN THE UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

AFFIDAVIT OF RICHARD HAMMERBERG.

State of Illinois, }
County of Cook. } ss.

Richard Hammerberg, being first duly sworn, on oath says that he is of legal age and is a resident of the City of Chicago, County of Cook and State of Illinois; that he is, and at all times hereinafter mentioned was, Office Manager of Conklin Screw Machine Company, 900 North Franklin Street, Chicago, Illinois; that on May 14, 1954 he tele-

phoned the office of Hardwood Products Corporation, Chicago, Illinois and advised the representative of the latter corporation who answered the telephone that Conklin Screw Machine Company was interested in sound insulating doors and would like to have a representative of Hardwood Products Corporation call upon Conklin Screw Machine Company for the purpose of giving the latter information about sound insulating doors; that on the following day, May 15, 1954, there was received in the mail at Conklin Screw Machine Company the envelope attached hereto as Exhibit A addressed to "Conklin Screw Machine Company, 900 North Franklin Street, Chicago 10, Illinois,
Att: Mr. R. Hammerberg"; that affiant opened said
257 envelope and found therein the printed circular attached hereto as Exhibit B.

Richard Hammerberg.

Subscribed and sworn to before me this 18th day of May, 1954.

Wanda P. Purzycki,
(Seal) *Notary Public.*

258 Exhibit A.

Hardwood Products Corporation
Acoustical Department
75 East Wacker Drive
Chicago 1, Illinois

We've Moved!

Hardwood Products Corporation
1607 W. Howard St., Room 217
Chicago 26, Illinois
Phone: BRiargate 4-7626

Conklin Screw Machine Company,
900 North Franklin Street,
Chicago 10, Illinois.

Att: Mr. R. Hammerberg.
Cancellation—Chicago 13, Ill., May 14, 8 P. M.
U. S. Postage 3 cent stamp (cancelled) attached.

RIVERBANK
Sound Insulating
DOORS

MANUFACTURED, UNDER PATENT LICENSE, BY

HARDWOOD PRODUCTS CORPORATION

NEENAH, WISCONSIN

ACOUSTICAL DEPARTMENT • 75 E. WACKER • CHICAGO, ILL.

NEW YORK OFFICE • 101 PARK AVE. • NEW YORK 17, N. Y.

No. B-52

Riverbank Sound Insulating Doors embody results of extensive research by Dr. Paul E. Sabine at the Riverbank Laboratories, Geneva, Ill., and are fabricated and sold by the Hardwood Products Corporation, Neenah, Wis. They are built according to approved modern door construction in order to give a higher degree of sound insulation than has hitherto been obtained even in doors of greater weight and thickness—and at much reduced cost.

Riverbank Doors are Veneered Doors and, as such, can be furnished with veneers to match those of the balance of the doors in the building; or can be furnished with veneers to conform with architects' or engineers' preference.

Dependent on the desired decibel reduction, or desired acoustical efficiency, RIVERBANK DOORS are identified, and furnished, as:

"The RIVERBANK 43"—3 inches thick
"The RIVERBANK 40"—2½ inches thick
"The RIVERBANK 35"—1¾ inches thick

Except for the thickness, all three designs present the same outward appearance:

"The Riverbank 43"

This door, 3 inches thick, gives a measured reduction of 43 decibels, and is designed to provide the maxmium in insulation where a vestibule or airlock is impractical, and a single door must provide insulation to match wall construction of 43 decibels or over. Examples—research test rooms in industrial plants, radio studios where vestibules are not provided, sound stages, band practice rooms, and noisy factory offices.

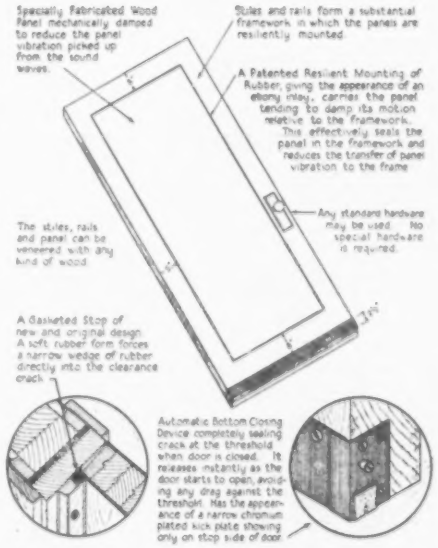
"The Riverbank 40"

This door 2½ inches thick, is for the many instances where insulation requirements and wall construction do not indicate a need for more than 40 decibel reduction. In addition the 2½-inch thickness is frequently more appropriate architecturally. Examples—schools, music conservatories, science buildings, auditoriums, and hospitals, in operating rooms, nurseries, labor rooms, kitchens, and strategic corridor entrances.

"The Riverbank 35"

This door, 1¾ inches thick, embodies the same scientific principles as the other Riverbank Doors, and is of simplified construction with cost reduced to a minimum. Used alone it matches the reduction of average wall structures without undue added expense. Examples—private hospital rooms and wards, hotel suites, private offices adjoining general offices, and for residential use in playrooms, bathrooms, and bedrooms.

Construction Features

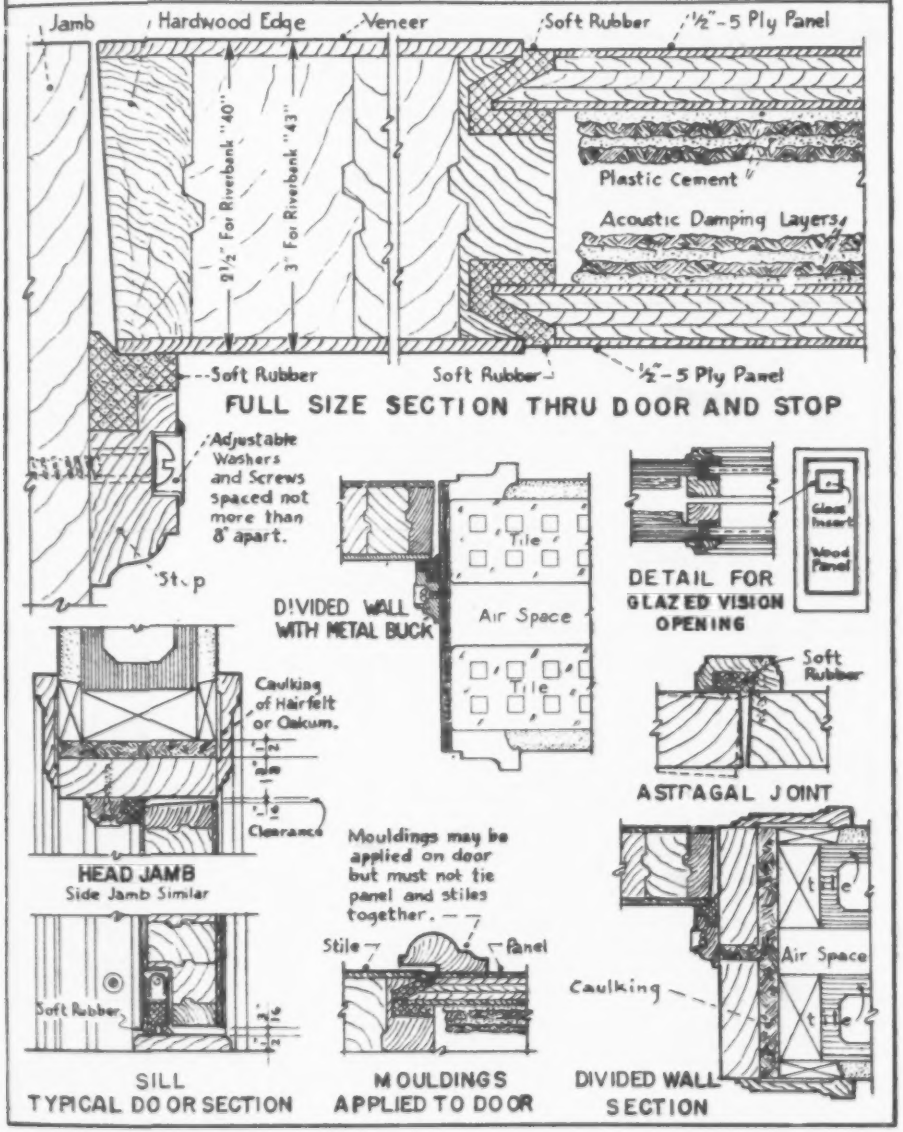


Architect's Specifications

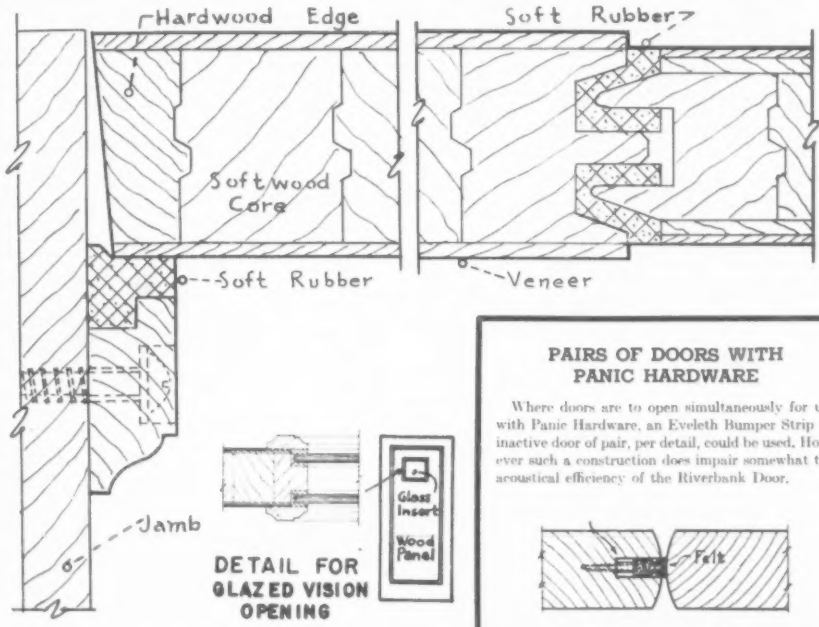
Sound Insulating Doors, as indicated on the plans are to be Riverbank No._____ Sound Insulating Doors as furnished by Hardwood Products Corporation, to provide a sound reduction of _____ decibels; or doors of equal sound insulating efficiency under laboratory test.

Doors are to be furnished complete with special stops, stop adjusters, gaskets and automatic threshold-closing device. Doors are to be veneered to correspond with woodwork in adjoining spaces. Jambs, trim and hardware to be furnished by others under separate contracts.

DETAILS OF RIVERBANK "40" AND "43" SOUND INSULATING DOORS

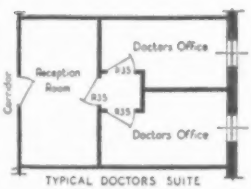


DETAIL OF RIVERBANK "35" SOUND INSULATING DOORS

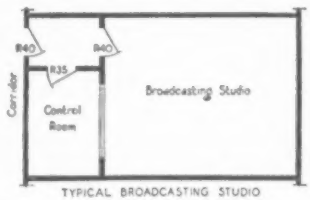


PAIRS OF DOORS WITH PANIC HARDWARE

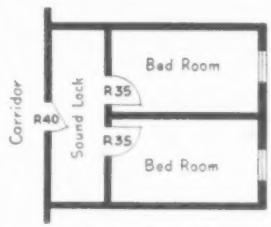
Where doors are to open simultaneously for use with Panic Hardware, an Eveleth Bumper Strip on inactive door of pair, per detail, could be used. However such a construction does impair somewhat the acoustical efficiency of the Riverbank Door.



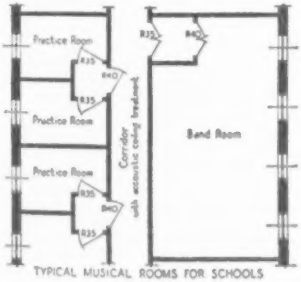
TYPICAL DOCTORS SUITE



TYPICAL BROADCASTING STUDIO



TYPICAL HOSPITAL WARD



TYPICAL MUSICAL ROOMS FOR SCHOOLS

VESTIBULES OR SOUND LOCKS

Where a vestibule or sound Lock arrangement can be used, involving two door openings, the full insulating value of the two doors is obtainable and it is seldom necessary to provide 40 or 43 decibel doors for both openings. For example, for the insulation of a broadcasting studio we suggest the use of a "Riverbank 40" for the opening from studio to vestibule or sound lock and a "Riverbank 35" for the opening from vestibule lock to corridor. The same suggestion will hold for hospital operating rooms, school band and practice rooms and the many modern installations where vestibules or sound locks are being used.

Typical layouts shown illustrate these suggestions. Note that each entrance is insulated by a sound reduction of 75 decibels.

Suggestions for Hanging and Finishing

RIVERBANK SOUND INSULATING DOORS

While Riverbank Doors permit of the use of standard hardware, as is used for doors of like thickness and weight, it is essential that, in hanging, certain procedures be adhered to in order to produce the rated sound insulation required. We therefore send, with every Riverbank Door shipment, complete instructions for installation. Insist that such instructions shall be carefully followed in the installation of Riverbank Doors.

Installing and Caulking Jambs

Jambs should be furnished with a flat surface for proper attachment of the Riverbank Stop, and, because of the weight of the door, should be furnished at least 1 3/8 in. thick for either the 40 or the 43 decibel door. Jambs and thresholds must be set with absolute accuracy in order to maintain a 1/16 in. clearance of the doors at top and sides and 3/16 in. at bottom. Best results are obtained by figuring a clearance of 3/8 in. to ½ in. between rough buck and jamb, using solid blocking at five points on the hinge side—blocking back of the three hinges and at the two points half way between the hinges. Blocking at three points is sufficient on the lock side of the opening. Between the blocking the crack MUST be caulked, using hair felt, oakum, or other good caulking material. Jambs should be secured to rough bucks by screws long enough to pass through jamb, blocking, and well into rough buck. If wood threshold is used it should be set with a layer of mastic or thick paint between threshold and floor to avoid any air crack.

Hardware

The weight of the 40 decibel Riverbank door is approximately 7 lbs. per square foot (3 ft. by 7 ft. door—147 lbs.) 43 decibel doors furnished in a 3 in. thickness weigh approximately 8 lbs. per sq. foot, while 35 decibel doors furnished in 1¾ in. thickness weigh approximately 4 lbs. per sq. foot. Provide three butts not smaller than 5" x 5"—ball bearing preferred but not essential. Provide latch or lock sets to match similar hardware in the building but with spindles long enough for the thickness of the door. Either overhead or floor type door checks may be applied in usual manner.

Fitting and Hanging Doors

Doors are delivered cut to full width of opening and carpenter trims for 1/16 in. clearance at sides, beveling the lock edge in the usual manner. For height, doors are delivered cut 3/16 in. less than the height of the opening over the threshold. Carpenter maintains this 3/16 in. clearance at the bottom (which cannot be trimmed owing to rebate for bottom closing device) but trims door at top for 1/16 in. clearance.

Threshold Closer is not installed until door is hung. Threshold closers must be attached to doors on the stop side of the opening.

Stops

Stops are applied with adjustable screws and washers after door is hung. For a 3 ft. by 7 ft. or larger door, space screws not farther apart than 8 in. to withstand impact of heavy door. For smaller doors the spacing can be greater but never more than 12 in. apart. The slots in the washers must be horizontal and screws set a trifle toward the door so that there is more room for adjustment of stops toward the door than away from it.

Adjustments of Stops and Threshold Closer

Much of the efficiency of the installation depends on the final adjustment of stops and threshold closer. The gasketed stops should be just tight enough against the door to make positive contact at every point but not tight enough to bind the latch, making it hard to close the door comfortably or to unlatch it.

The Threshold Closer has a protruding rod at the hinge edge of the door. The adjustment of the device is made by screwing the rod in or out until the exact position is found where the rubber is thrown down solidly against the threshold when the door is closed, closing the crack completely across the width of the opening but not squeezed so tightly that it is difficult to close the door easily. If the 3/16 in. clearance over the threshold has been accurately maintained the rod should protrude approximately 3/16 in. to ¼ in. A flat head screw is placed in the hinge jamb for the end of the rod to butt against without marring the wood.

Testing Adjustment

To test adjustment of stops insert an ordinary card between the rubber and the door with the door latched and slide it along. If the card sticks at some points and is loose at others adjust stop so that card neither sticks nor is loose but shows a light friction uniformly around the opening.

To test adjustment of the Threshold Closer have the room on the swing side of the door lighted and the light out on the stop side. Look under the door from the stop side. If any light shows screw out the rod so that firmer contact is made and no glimmer of light shows under the door.

Painting and Finishing

Riverbank doors can be painted or stained the same as an ordinary door.

Pairs of Doors

Use hinges same as for single door. Mortise top and bottom bolts to secure the inactive door of the pair. The latch or lock is applied to the active door and the strike plate to the inactive door.

Meeting stiles of both doors are bevelled by the carpenter with wide crack toward the top side. This crack is covered by application of special gasketed astragal to the inactive door on the stop side after the doors are hung.

Metal Covered Doors

Metal covered doors are fabricated to net size for clearance. All hardware except the Threshold Closer is applied at the shop.

Where metal jambs are used either wood or metal stops are applied by using Parker-Kahlon self-threading screws in place of wood screws. To apply wood stops to a metal jamb place the stop in position and drill through the wood and through the metal using a drill the next size smaller than the diameter of the Parker-Kahlon screw. Then drill the wood again using a bit the size of the slot in the washer. If metal stops are used with metal jamb, drill both stop and jamb with a drill one size smaller than the diameter of the Parker-Kahlon screw. The screws will then cut their own thread through both stop and jamb.

Further Suggestions and Recommendations

THRESHOLDS are recommended as the surest means of obtaining perfect closure at the bottom.

WOOD JAMBS not less than 1 3/8" should be used with space between rough buck and jambs thoroughly calked with hair felt or other suitable fibrous material.

METAL JAMBS should have flat inside surface without stops. With metal bucks or jambs we furnish Parker-Kahlon self threading screws for attaching RIVERBANK STOPS. These screws should be spaced not further than 8" apart.

HANGING—Doors should be hung with 1/16" clearance at sides and top and 3/16" at bottom.

SWING OF DOORS—When ordering indicate swing of door by sketch. A simple rule to determine swing is:

Facing the door from the stop side of the opening, observe the position of butts or hinges. If hinges are to your right when in this position door is right hand swing, if hinges are to your left it is a left hand swing. Sketches indicate application of this rule.

L. H. R. H.

PRINCIPLES OF SOUND INSULATION

The Decibel Scale

Noise levels are ordinarily measured in decibels above the threshold of hearing of the average ear. Average noise levels in various locations are shown on page 318 of Acoustics and Architecture (McGraw-Hill). A few values are given below.

Location—	*Decibels Above Ear Threshold*	*Decibels Reduced by Riverbank 40 Door*
Boiler Factory	97	57
Noisy Factory	85	45
Stenographic room—large office	70	30
Telephone conversation	60-70	20-30
Noisy office	57	17
Moderate restaurant clatter	50	10
Noise in city residence district	45	5
Quiet conversation	40	inaudible
Quiet radio in home	40	inaudible
Quiet office	37	inaudible
Noise in average home	32	inaudible

Insulation in Doors and Walls

The insulation value of walls is dependent upon the nature of the materials used, their weight, and the manner of construction. The following table gives the sound insulation afforded by a few typical wall constructions:

Construction	*Weight per sq. ft.*	*Sound Reduction in Decibels*
1½" Plaster on metal lath and channels	13.9 lbs.	29.6
2½" Same construction	23.2 lbs.	37.9
4" Clay tile plastered	28.6 lbs.	40.5
8" Brick wall plastered	88.0 lbs.	53.8

Adequate insulation may be achieved in walls by proper design and choice of materials. Ordinary doors, however, frequently reduce materially the overall insulation as indicated in the table below. In this table the wall is assumed to be 9 feet by 16 feet with a sound reduction of 40 decibels, a reduction slightly better than average wall construction but not too difficult to obtain. The decibel reduction of various types of door are shown, and the effect of these doors, 3 feet by 7 feet in size, on the reduction of the wall are indicated.

Door—	*Door Transmission Loss in DB*	*Door and Wall Overall Transmission Loss*
1. 4 Panel Veneer Door	22	30.0
2. Hollow Flush 1¾" (web coring)	23	30.9
3. Refrigerator Door— Cork Filled 5½"	29.4	35.7
4. Solid Core Flush 1¾" Thick	30.9	36.9
5. Riverbank 35, 1¾"	35	38.8
6. Riverbank 40, 2½"	40	40.0
7. Riverbank 43, 3"	43	40.3

NOTE: These doors were sealed in the openings when tested in the laboratory. Crack opening under average conditions may reduce these values as much as 3 to 4 decibels.

It is apparent from the above that doors are an important, and often a weak link in achieving sound insulation. For a satisfactory job of insulation then, doors must have an intrinsically high insulating value and should be tightly sealed when closed.

Marginal Effect of Sound Insulation

The foregoing is emphasized when we consider what may be called the "marginal effect" of decreases in sound levels under practical conditions. For example—in a doctor's waiting room, a 5 decibel increase in insulation may prevent waiting patients from hearing conversation in an adjoining consultation room. In a hospital, a few decibels may represent the difference between annoyance and peace to the patient. This same effect appears under the extremely noisy conditions in airplane engine test buildings where 5 or 10 decibels may be the difference between ability to converse and complete failure to understand speech. In a radio studio a few decibels may be the difference between satisfactory and unsatisfactory broadcasting conditions. In other words, for practical purposes a few decibels may represent the margin between tolerable and intolerable noise levels and may make the difference between success and failure in achieving sound insulation.

Methods of Sound Insulation

Heretofore the problem of sound insulation in doors has been attacked in four ways:

1. By use of absorbent fills or layers inside a hollow door.
2. By use of *thermal* insulation.
3. By increased weight.
4. By structural isolation through double construction.

Attempts at sound proofing with felts and fiber boards have proven uniformly disappointing. The reason is that any fibrous fill acts as a better bridging connection than it does as a damping agent and defeats its own purpose. The following results of actual measurements illustrate this fact:

Double 2" gypsum tile walls completely separated with 2" air space	56 decibels
The same but with air space filled with hair felt	55 decibels
The same filled with sawdust	48 decibels

In general, with structural isolation of the faces, an unfilled air space is more effective than anything that can be put in it.

The relative ineffectiveness of method 2 is shown by the figure shown for the 5½ inch thick refrigerator door mentioned above. Although filled with cork, a good thermal insulator, the reduction was only 29.4 decibels, a very low value for such a thick door.

The failure of these first two methods results from the fact that sound does not *pass through* a solid structure as light passes through glass, or water through a filter. Instead a part of the vibrational energy of the incident sound wave is imparted to the structure, setting up minute vibrations in it as a whole. These vibrations in turn impart vibrational energy or sound to the air on the other side.

Considering the problem in terms of vibrational energy, two things are necessary to reduce the transfer of sound from one face of a door to the other.

(1) To reduce the vibrational energy picked up from the sound wave by the face of the door.

(2) To reduce the transfer through the door of what energy is picked up, so that it will not set up waves from the opposite face into the space beyond.

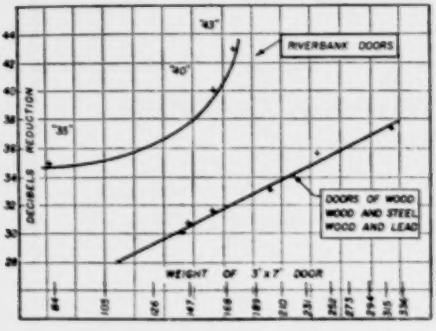
The first result may be obtained by increasing the weight of the door—method 3 mentioned above.

PRINCIPLES OF SOUND INSULATION (Continued)

In this way, by a sufficient increase in weight, any door may be made "sound insulating." Doors however must be hung on hinges and are expected to open and close. To achieve sound insulation through weight alone a door must be made so heavy and bulky as to be impractical, as well as costly.

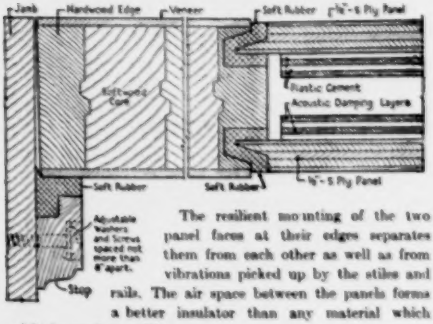
Principles Applied In Riverbank Doors

The design of RIVERBANK DOORS is such that they achieve high insulation values without increased weight. The efficiency of this design is best shown by the accompanying comparison of RIVERBANK DOORS with other doors relying on weight alone for their acoustic merit. It may readily be seen, for example, that with decidedly less weight (160 lbs.), the RIVERBANK 40 decibel door exceeds the insulation of the heaviest door shown (336 lbs.)



This result is secured by application of the fourth principle mentioned above, structural isolation of faces, plus another important principle, that of mechanical damping. The former principle is essentially the same as that used in automobile engine quieting, namely, resilient mounting of moving parts, the latter in panel damping of vibrating surfaces.

The accompanying cut shows how these principles are applied.



The resilient mounting of the two panel faces at their edges separates them from each other as well as from vibrations picked up by the stiles and rails. The air space between the panels forms a better insulator than any material which might be used as a fill.

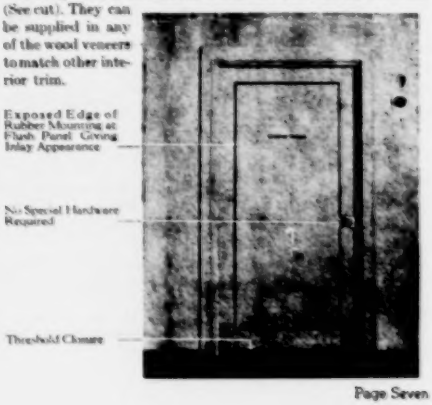
Mechanical damping is achieved by covering the inner faces of the floating panels with an inert plastic which resists vibrational movement and prevents their segmental vibrations.

Crack Closure

The efficiency of the whole is maintained by completely sealing the cracks where the door fits into its frame and at the threshold. Laboratory tests have shown that only a slight crack will reduce the efficiency by 3 to 4 decibels, demonstrating the necessity for perfect closure at all points. RIVERBANK DOORS are equipped at sides and top with specially designed gasketed stops, adjustable to insure continuous effective closure. Note the narrow wedge of sponge rubber protruding directly into the clearance crack, giving a more efficient seal than much more material applied elsewhere. This economy of material obviates the necessity for locking or clamping devices to squeeze the door against its gasket. The light pressure provided by ordinary hardware gives perfect closure and avoids clumsy operation of the door.

The threshold crack is closed by an automatic closing device which operates with the closing of the door, and is released instantly when the door is opened. At the moment the door is closed a substantial strip of sponge rubber is forced down against the threshold, sealing the crack entirely. The action of the closer may be adjusted to compensate for variations in threshold cracks. The extruded aluminum face presents the neat appearance of a 2½-inch kick plate on the stop side of the door. The closer is fitted into a rabbet at the bottom of the door and may be installed or removed without removing the door.

The foregoing presents the means by which scientific principles are applied in the fabrication of RIVERBANK DOORS. These results have been obtained without departing in the least from the best practice in high grade door construction. Stiles and rails of built up solid core, faced with ⅛ inch veneer, and with ¼ inch hardwood edge strips, give a substantial framing for the resiliently mounted five ply panels. The exposed finished portion of the rubber channels presents the appearance of a 3/16 inch ebony inlay in a flush door. In addition to their sound insulating merits, RIVERBANK DOORS are GOOD LOOKING DOORS. (See cut). They can be supplied in any of the wood veneers to match other interior trim.



HARDWOOD PRODUCTS CORPORATION

NEENAH, WISCONSIN

Manufacturers of

STANDARD AND SPECIFICATION SOLID CORE FLUSH DOORS

•

RIVERBANK SOUND INSULATING DOORS

•

FIRE RESISTING WOOD DOORS

•

LEAD LINED DOORS

•

SHIELDED OR GROUNDED DOORS

For

METAL COVERED RIVERBANK DOORS

Write

FIRECRAFT CORPORATION

3110 W. 51st STREET • CHICAGO 32, ILLINOIS

267 And on the same day, to-wit, the 20th day of May, 1954, came the Plaintiff by its attorneys and filed in the Clerk's office of said Court its certain Amendment to Complaint in words and figures following, to-wit:

268 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

AMENDMENT TO COMPLAINT.

Now comes the plaintiff, Riverbank Laboratories, a corporation, by William J. Friedman, Maurice Rosenfield and Jack H. Oppenheim, its attorneys, and amends its complaint heretofore filed herein, in the following respects:

1. Paragraph 18 of the complaint is eliminated in its entirety.

2. Paragraph 19 of the complaint is eliminated in its entirety.

3. The first sentence of paragraph 20 of the complaint is amended to read as follows:

20. The continued use by defendant, as threatened by it, of the name Riverbank in connection with the manufacture and sale of sound insulating doors after the expiration of said Patent No. 2079878 on May 11, 1954, and after the expiration of defendant's license to use the name Riverbank, will injure and damage the plaintiff in the following respects:

4. The plaintiff's prayer for relief is amended as follows:

269 Wherefore, plaintiff prays:

I. That this court adjudge and declare that the defendant has no right, license, privilege, authority, consent or permission after May 11, 1954 to use or apply the name Riverbank in connection with the manufacture and sale by it of doors or other products, except under such terms and conditions as may be agreed upon in writing by plaintiff.

II. That this court adjudge and declare that the registration of the trade mark or trade name Riverbank, as registered by defendant, shall be held by defendant in trust for plaintiff, and shall not be used by defendant after May 11, 1954, except upon the express written authority of plaintiff, and under such terms and conditions as plaintiff,

if it should license the use of the name Riverbank, may impose for the protection of its good name and reputation.

III. That this court shall, temporarily during the pendency of this action, and for the time thereafter permanently, restrain and enjoin defendant from using or applying the name Riverbank in connection with the manufacture and sale by defendant of doors or other products after May 11, 1954, except upon the express written agreement of plaintiff.

IV. That this court shall grant to plaintiff such other and further relief as to the court shall appear meet.

William J. Friedman,
Maurice Rosenfield,
Jack H. Oppenheim,
Attorneys for Plaintiff.

Address for Service:
208 South LaSalle St.
Chicago 4, Illinois,
Telephone: DEarborn 2-5580.

270 And afterwards, to-wit, on the 2nd day of June, 1954, being one of the days of the regular May term of said Court, in the record of proceedings thereof, in said entitled cause, before the Honorable Julius J. Hoffman, District Judge, appears the following entry, to-wit:

271 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

On the Court's own motion it is
Ordered that this cause be and the same hereby is set for trial on January 7, 1955.

272 And afterwards on, to-wit, the 3rd day of June, 1954, there was filed in the Clerk's office of said Court a certain Affidavit of Henry J. Young in words and figures following, to-wit:

273 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

AFFIDAVIT OF HENRY J. YOUNG.

County of Winnebago, } ss.
State of Wisconsin. }

Henry J. Young being duly sworn on oath deposes and says; that he is of legal age and a resident of the City of Neenah, in the County of Winnebago, State of Wisconsin; that he is and, at all times hereinafter mentioned, was an officer, to-wit, the Vice President and Treasurer of Hardwood Products Corporation, the Defendant above named; that he has read the Affidavit of Maulsby Forrest made and filed in support of Plaintiff's Motion for a Temporary Injunction; that contrary to the averments therein made on behalf of Plaintiff, Riverbank Laboratories, that Plaintiff as of the date of commencement of this action and for a substantial period prior thereto was and still remains substantially dormant and inactive; that Plaintiff's
274 laboratories are not operated by Plaintiff, and for a substantial period have not been operated by the Plaintiff; that the said laboratories purport to be in the possession of a tenant of Plaintiff's which carries on activities there, under its own name, to-wit—Armour Research Foundation; that Plaintiff does not now and at no time in the past has engaged in the sale of acoustical doors under its own name or under any other name; that the word "Riverbank" at no time signified to the public that Plaintiff vouched for or sponsored the characteristics and qualities of any doors made and sold by Defendant; that from the year 1936 down to and including the 11th day of May, 1954, Plaintiff maintained a substantial and direct pecuniary interest in the sale of Defendant's doors by reason of participation in royalties paid by Defendant; that long prior to December 2, 1953, Plaintiff had knowledge of and consented to the use, by Defendant,

of the word "Riverbank" as a trade mark in connection with the manufacture and sale of Defendant's doors and made no protest with reference thereto until near the end of the term of the patent under which Defendant was licensed; that since the year 1936, Defendant, Hardwood Products Corporation, has carried on a business in acoustical doors starting from a small beginning and increasing the same steadily until many thousands of dollars worth of such doors have been sold in each month during recent years; that throughout this period, the acoustical doors thus sold by Defendant have been designated by the
275 trade mark "Riverbank", under which name the buying public has come to know the product of Defendant and to identify the Defendant as the source of such doors; that, notwithstanding payment of a royalty of approximately twenty percent (20%) by Defendant throughout the period from 1936 down to and including May 11th, 1954, Defendant has, through its dependable dealing with its customers, through the excellence of its acoustical doors and through improved and efficient manufacturing methods, built up and established, under the trade mark "Riverbank", a substantial business including valuable goodwill; that Defendant has become known in the minds of the buying public as the source for acoustical doors identified under the trade mark "Riverbank" and that it deprived the use of the word "Riverbank", a substantial part of said custom, trade and goodwill will be taken from Defendant; that Defendant is the owner of United States trade mark registration No. 553,213, a copy of which is attached hereto and marked Exhibit "A", and that no proceeding has been instituted in the United States Patent Office seeking to cancel such registration; further Affiant sayeth not.

Henry J. Young.

Subscribed and sworn to before me this 2nd day of June, 1954.

Arthur H. Sudel,
(Seal) *Notary Public, Milwaukee County, Wisconsin.*

My Commission Expires March 16, 1958.

EXHIBIT A. 161

Registered Jan. 8, 1952 Registration No. 553,213

PRINCIPAL REGISTER
Trade-Mark

UNITED STATES PATENT OFFICE

Hardwood Products Corporation, Neenah, Wis.

Act of 1946

Application January 12, 1951, Serial No. 606,704

RIVERBANK

STATEMENT

Hardwood Products Corporation, a corporation organized and existing under the laws of the State of Wisconsin, located and doing business at 164 Lake Street, Neenah, Wisconsin, has adopted and is using the trade-mark shown in the accompanying drawing, for SOUNDPROOF DOORS, in Class 12, Construction materials, and presents herewith five specimens showing the trade-mark as actually used in connection with such goods, the trade-mark being applied to the goods by means of a rubber stamp, and requests that the same be registered in the United States Patent Office on the Principal Register in accordance with the act of July 5, 1946.

The trade-mark was first used on November 1, 1936, and first used in commerce among the several States which may lawfully be regulated by Congress on November 1, 1936.

HARDWOOD PRODUCTS CORPORATION,
By H. J. YOUNG,
Secretary-Treasurer.

277 And afterwards on, to wit, the 13th day of July, 1954 there was filed in the Clerk's office of said Court a certain Transcript of Proceedings had before the Honorable Julius J. Hoffman, Judge, on June 3, 1954 in words and figures following, to wit:

279 IN THE UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

TRANSCRIPT OF PROCEEDINGS

had at the hearing of the above-entitled cause before the Honorable Julius J. Hoffman, one of the Judges of said Court, sitting in his court room in the United States Court House, Chicago, Illinois, on June 3, 1954, at 10:00 o'clock a. m.

Appearances:

Mr. Jack H. Oppenheim, appearing for the Plaintiff;

Mr. David A. Fox and Mr. Gerrit Groen, appearing for the Defendant.

280 The Clerk: 54 C 300. Riverbank Laboratories *vs.* Hardwood Products Corporation. Hearing on plaintiff's motion for a temporary injunction.

Mr. Groen: May I present Mr. Fox of Milwaukee?

The Court: You are Mr. Fox, are you?

Mr. Fox: I am Mr. Fox.

The Court: Mr. Fox, you were not here yesterday, but your associate called my attention to the fact that the defendant here had made a motion to dismiss for improper venue, for lack of jurisdiction, for absence of necessary parties; is that right?

Mr. Fox: That is correct, although the latter part with reference to the necessary parties has been disposed of by amendment of the pleadings.

The Court: Yes. That was an original ground.

Mr. Fox: It was a question of improper venue.

The Court: Now, having had a look at this, I see that the plaintiff is a non-profit Illinois corporation which does scientific research on acoustic insulation of sound, which, it appears, has an action against your client, a Wis-

consin corporation, which was the exclusive licensee of a patent on the Riverbank sound insulating door, which patent issued May 11, 1937, and has just recently expired.

Mr. Fox: That is right.

281 The Court: Now, not that these facts are important in connection with this motion, but I want to be sure I have a clear understanding.

Mr. Fox: Yes, that is correct.

The Court: The patent was owned by a joint enterprise composed of the plaintiff and a co-owner of the patent, and a third person. The complaint as amended seeks a declaration that the defendant has no right to the use of the name "Riverbank" in connection with the manufacture or sale of doors or other products; that the defendant be held to be trustee of the trademark or trade name "Riverbank," for the plaintiff and that a temporary and permanent injunction issue against defendant's use of said name.

The complaint alleges that the plaintiff or its predecessor used the name since 1912.

Mr. Oppenheim: Yes, your Honor.

The Court: And its scientific achievements have gained international renown.

Mr. Oppenheim: That is correct.

The Court: And has established scientific standards of measurement, and have a unique reputation and prestige.

Mr. Fox: Your Honor, I might interpose here that the plaintiff is, at the present time, inactive.

282 Mr. Oppenheim: That is not true.

Mr. Fox: And dormant.

The Court: I am not concerned with that.

Mr. Oppenheim: That is not true.

The Court: We are dealing here with a legal question. Those are matters we will consider later. I am considering now only your motion, the defendant's motion to dismiss for improper venue.

Mr. Fox: Yes.

The Court: And for the purpose of that motion, I take the allegations of the complaint as true.

Mr. Fox: Your Honor should realize that this matter was taken on the question of venue, on the basis that proof would be offered by both parties. There are affidavits—

The Court: Yes, I will get to those in a moment.

Now that you are here I want to be sure that I understand the background. Now, to go on, its certification f the acoustical qualities of a material are, it is alleged, accepted throughout the United States, and it is the only certification so accepted.

Its name has, and I am quoting from the complaint, attained a special meaning in connection with the testing, development and use of materials for sound insulating.

283 The complaint then recites the development of an insulating door at its laboratories which resulted in the patent. An exclusive license was given to the defendant on September 12, 1936.

The agreement provided for termination, and also prohibited the defendant from making a door other than under the patent specifications, without plaintiff's consent.

I am going over these things, so I won't have to call on you to tell me about them later.

The complaint further recites that the doors manufactured and sold by the defendant carried the name "Riverbank" to assure the purchaser the door had characteristics and qualities vouched for by the plaintiff. It is alleged that the defendant has advised plaintiff that the former has registered as its trade-mark the name "Riverbank" in connection with the manufacture and sale of doors by the defendant, such registration being without plaintiff's knowledge or consent, and with fraudulent intent to apply said name to products over which plaintiff would no longer have control after the expiration of the patent.

Allegations of losses in excess of $10,000 for the use of its name by other possible licensees and damage to its reputation are alleged.

284 The motion to dismiss is based on three grounds: the defendant is not subject to service in Illinois; the controversy concerns less than $3,000, and that indispensable parties have not been joined.

Mr. Fox: The latter one is withdrawn.

The Court: I am right as to the other two grounds?

Mr. Fox: As to the other two grounds, the second and third grounds, as a matter of fact, may be disposed of here, your Honor, because of the manner in which the allegations have been changed by the amendment to the complaint. It is easily seen that there is an attempt to allege damages of $3,000.

The Court: You say it may be disposed of. You mean you agree I may deny your motion?

Mr. Fox: Correct, your Honor.

The Court: Why didn't you say that in the first place?

Mr. Oppenheim: He means, as to the second and third grounds only.

Mr. Fox: Yes, sir, indeed.

The Court: You still insist your client does not do business here within the meaning of the law?

Mr. Fox: That is right, your Honor.

The Court: All right, we have had a look at the briefs, your affidavits and depositions. I do not think, Mr.
285 Oppenheim, you will deny that the defendant is not licensed to do business in Illinois.

Mr. Oppenheim: That is right.

The Court: It would appear that the defendant has maintained an office for the solicitation of business in Illinois for over 30 years, and all orders are sent to the Wisconsin home office where they are approved and filled.

We may assume further, for the purpose of this motion, that the defendant has no bank account in Illinois. You agree to that?

Mr. Oppenheim: It does not have presently.

The Court: Its sales representative, Charles D. Heidemann, was the person upon whom service was made in Chicago. The sales office carries defendant's name on the door, on the building directory, and the telephone is listed in its name; the address of the Chicago office appeared on defendant's letterhead as "Chicago Office."

It appeared that Heidemann had no authority to enter into a contract on its behalf. The deposition and affidavit of Henry J. Young, vice-president and treasurer of the defendant company, stated Heidemann's duty was simply to solicit orders. He was employed on a base salary
286 and also received commissions and expense money.

The royalty payments under the license contract averaged between $3,000 and $3,600 a month. The defendant's annual sales in Illinois were over $100,000.

Heidemann was a so-called trouble-shooter dealing preliminarily with complaints and problems in the installations of the patented doors sold by defendant.

Complaints would be made to him or to the factory and by it referred to Heidemann. He watched the publication "Broadcast" magazine, and sent them a form letter re the Riverbank door, and he followed it up. He talked

with architects and investigated their needs and submitted drawings.

Mr. Heidemann had no authority to adjust complaints and could not replace a door without authority, but he went on occasion with Mr. Young to do trouble-shooting.

The depositions bring out other details of the operation of the business, such as the shipping by the defendant to an Illinois company for metal encasing a large number of wooden doors. The defendant also placed annually with the Riverbank Door Company orders for about 3,000 door closers to be shipped either to Wisconsin or to
287 designated consignees by instructions sent to the door company.

Now, as we know, the briefs of the defendant are predicated upon the asserted fact that it is not doing business in Illinois. That is always a tough one to decide. Of course, this seems to depend much on the facts in each case.

It seems to me here the defendant's sales representative not only solicited business, but did the very material auxiliary task of investigating complaints and giving expert advice on problems which, it seems to me, are beyond the ordinary duties of salesmen, tasks which were beyond the ordinary realms, we will say, of a salesman's tasks.

I know you contend, Mr. Fox, that mere solicitation of orders, accepted and filled in another state, does not constitute doing business under the decisions of Illinois. There is no quarrel with the Illinois holdings. Mere solicitation of orders does not constitute doing business; the mere maintenance of an office also does not constitute doing business, but, I ask you, does the maintenance of an office, the employment of an agent to solicit business, resulting in a large volume of business, coupled, as it
288 is here, with an agent who capably assisted contractors and architects in solving the problems peculiar to their structures, and investigating and recommending solutions of complaints, in addition to the other tests, doesn't that turn the balance so that it is more fair to hold that the foreign corporation is doing business in Illinois than to hold to the contrary?

Now, this matter of trouble-shooting by the salesman has been discussed in some of the cases.

In *Moore* v. *The Atlantic Coast Line Railroad*, 98 Fed. Supp. 375, they held that:

"Where foreign interstate railroad incorporated in

Virginia maintained passenger and freight offices in states with a few employees hired by home office, and offices solicited substantial freight and passenger business, investigated many complaints of passengers in district, traced several hundred lost or delayed shipments during year and investigated and handled complaints short of making adjustments as a regular and continuing activity, railroad was doing business in Pennsylvania and service on freight agent gave Pennsylvania District Court 289 jurisdiction."

We have another case to the same effect, *Frene* v. *Louisville Cement Co.*, 134 Fed. 2d 511, and *Handley Company* v. *Buffalo Forge Company*, 89 Fed. Supp. 246:

"Where Pennsylvania representative of New York corporation rented office space in Pittsburgh, employed an assistant and a stenographer, received commissions on all sales in his territory, and handled complaints and inquiries, and where name of corporation appeared on door of office and corporation was listed in Pittsburgh telephone directory under the same address, corporation was doing business in Pennsylvania so as to be subject to service of process thereon."

There are other cases to the same effect.

Now, the fact that Heidemann, at least for the purpose of this motion, had no final authority to settle a claim, he performed many of the technical things leading to the placing of an order, and to the satisfactory adjustment of an order which had been filled but concerning which 290 complaint had arisen.

I am constrained to hold that your client is doing business here.

I will hear from you, but I warn you in advance, that I am constrained to hold that they are doing business here within the decisions as I look at them.

Mr. Fox: I would like to address myself to the specific questions on this point, whether or not this additional activity of Mr. Heidemann established us as doing business here.

The authorities that you have reviewed for us are very excellent, and are applicable in states where the rule has been applied.

We are here under the principle of the Erie Railroad *vs.* Tompkins to apply it to the Illinois rule, and that was very plainly pointed out and clearly followed in the leading

case in this jurisdiction, which is Canvas Fabricators *vs.* Hooper & Sons Company, decided as recently as 1952 in the Seventh Court of Appeals by Chief Judge Major.

The Court: I know that is in your brief. Let me have the case again.

Mr. Fox: That is *Canvas Fabricators* v. *William*
291 *E. Hooper & Sons Co.*, 199 Fed. 2nd. 485.

The Court: What did Judge Major say there?

Mr. Fox: In that case, he made reference to the Bull case of the State Supreme Court, and pointed out that the Bull case is the latest by the Illinois Supreme Court and perhaps the leading case on the question. And in connection with that, it was observed in the Canvas Fabricator's case:

"It is true that in the instant case defendant maintained rather elaborate facilities in connection with its activity in Illinois, but, after all, the instrumentalities provided were only in aid of its objective, that is, the solicitation of business within the state and certainly the facilities provided were no more elaborate than those in the Bull case."

The Court: Now, may I inquire whether in that case there was anything done besides taking orders, as is the fact here?

Mr. Fox: Yes, indeed, your Honor.

The Court: What does the court say about that?

Mr. Fox: They made and collected money, deposited it to a bank account in Illinois. They maintained a bank
292 account.

The Court: Did they do trouble-shooting?

Mr. Fox: I don't know about the trouble-shooting. I am not sure of it. It is not mentioned in connection with the facts in that case. Certainly a salesman that has dissatisfied customers is a very poor salesman.

The Court: And I agree with that. Somewhere along the line, these people have to pay taxes in another state. That is always a reason for not qualifying up to a point.

Mr. Fox: That is a question that the state must decide, and choose to establish its rule. In Minnesota, solicitation of orders alone, if consistently carried on—

The Court: I will hear you fully, Mr. Fox, but you show me an Illinois Supreme Court case that the Federal Court here must follow the state law, however we may dislike it or however different it may be in other states. Show me an Illinois case, if you have one, with facts that are like the

facts in the case at bar. We will suppose that the corporation was not doing business within the state.

Mr. Fox: Well, for that purpose, it would be G. W. Bull *vs.* The Boston and Maine Railway.

293 The Court: Is that a Supreme Court case?

Mr. Fox: A Supreme Court case in Illinois.

The Court: What does it say?

Mr. Fox: I would not be able to give it at the present moment. I came here mainly prepared for opposing the motion for a preliminary injunction.

The Court: Well, your associate said yesterday that it was not proper, and I agree with him, to consider the motion for a preliminary injunction until we had determined whether we had venue.

Mr. Fox: I am making the statement as fully as I can now with the recollection that I have.

The Court: The only reason I agreed to interrupt a criminal jury case here is because of the fact a motion for a temporary injunction was made, and I regarded it as an emergency matter.

Mr. Fox: Well, I will apologize for what may appear to be some lack of familiarity with the cases, in that instance where they have maintained in Illinois facilities of the very sort we are talking about, where they solicited trade, where they solicited business—

The Court: I go along with you on the solicitation.

Mr. Fox: Where there were complaints of the loss of merchandise, those things were handled through the

294 office, wherever the shipper was inquiring about the lost goods.

Now, in this instance of Heidemann's activity, he had no kit of tools; he didn't go out and repair doors. He had no—

The Court: A lot of things he did not do. We are not concerned about what he didn't do; we are concerned with what he did do which might constitute doing business.

Mr. Fox: I was only pointing out, your Honor, that by listening to a customer who said, "We find that the merchandise that your company shipped to us falls short of what we expected, and what you intended to give us," if he goes and looks at the merchandise and makes a report to the home office that the customer is dissatisfied, and does or does not have a justifiable complaint, that is not the same thing as going out and repairing a door or arranging for somebody there to repair it.

The Court: He was an expert in the acoustical field, and conferred with architects and contractors as to the kind of doors they would need. He made drawings, and when a complaint was made, he suggested solutions.

Mr. Oppenheim: Mr. Young testified they were go-
295 ing to retire Mr. Heidemann, and there was a concession applied to Mr. Heidemann because he helped through the years to develop the Riverbank doors, potential sales, its technical ideas, and everything else. He assisted greatly in that, and that was sort of compensation for it, and does not extend to anyone else.

The Court: Mr. Clerk, the motion to dismiss the amended complaint will be denied.

Now, I will hear you, Mr. Oppenheim, on your motion for a temporary injunction. Have you filed any counter affidavit?

Mr. Fox: I have a counter affidavit which I would like to file at the present time.

The Court: I observe there was none filed. It does not add anything.

Mr. Oppenheim: I have my client here. He can testify that half of the affidavit is untrue.

The Court: All right, I will hear you.

Mr. Oppenheim: I will make it as fast as possible.

The Court: All right.

Mr. Oppenheim: This case falls within the class of cases which are known as the Vogue cases, and the Triangle Publications case, the Lady Esther case, and the Esquire case and similar cases.

296 In all of these cases, and I have them here, it was held that any company that has, over a long period of years, developed a special reputation for its products, so that the name of the company or the trade name applying to it has acquired a special meaning in the public mind, will be protected against the dilution of that special meaning, and will be protected against the attempt by somebody to take it over and gain from it a reputation which is not based upon anything which it has done, but based solely on the reputation of the person who developed it.

Now, I could quote at length from these cases, but I think it will be sufficient if I state briefly some of the leading portions. One is the element of competition that is no longer considered as a principal feature in these so-called unfair competition cases. It is the unfairness that is considered.

And the name of an organization which is organized, not for profit, and its reputation and its ability to extend the use of that name in commerce, even if it be a not-for-profit organization, will be protected.

In the not-for-profit organizations, there is the Boy Scout case, *Adolph Kastor & Bros.* v. *Federal Trade Com-*
297 *mission*, 138 Fed. 2nd. 824, which was decided by Judge Learned Hand, in which he held that the Boy Scouts of America had been organized so many years, and had a reputation among boys, and said that no other seller could put out a knife using the name "Scout." Judge Learned Hand said:

"It is not even necessary that the label shall lead "Boy Scouts" to buy Kastor knives supposing that they are 'Official Knives'; boys who are not 'Scouts' may be led to buy them because in their minds they vaguely have the imprimatur of the Boy Scouts of America. That interest the law will protect against an opposing interest no greater than that of all persons in the use of common speech. We have again and again decided, in cases where the merchant's mark has been used upon goods which he does not in fact sell, but may be thought to be selling, that he may stop the use. No one need expose his reputation to the trade practices of another, even though he can show no pecuniary loss."

In the so-called Town Hall case, we are all familiar
298 with the Town Hall program of the air. It is a not-for-profit institution, and that case is reported in 44 Fed. Supp., page 315, which held even though the Town Hall organization had indicated in its literature and in its programs that the Town Hall idea was catching on throughout the United States, and the Town Hall programs were being organized throughout the United States, and it said this would show the inherent worth of the idea of these Town Meetings of the Air, but the Court nevertheless held that nobody could organize another group or organization and call it by the name of Town Hall, and that the Town Hall program had a right to protect its name as against someone who, having adopted it, could not use it because it might lead to the detioration of the name, and the deterioration of the reputation of the original owner.

Now, these are cases, as I say, of not-for-profit organizations.

The Court: Mr. Oppenheim, I observe here, in an affi-

davit which counsel for the defendant has just handed me, that it is alleged that the defendant has, for many years, used the word "Riverbank" on its product. Why wasn't something done a long time ago?

Mr. Oppenheim: Your Honor, this is a case of
299 license to use it. They have this license to use it for the duration of the patent, or for the duration of the license. I have some cases directly on that.

The Court: A license from the plaintiff?

Mr. Oppenheim: That is right. I have a case directly in point. Since your Honor has raised that point, there is the case of *Hoffman* v. *Kupenheimer,* which was decided in the Northern District of Illinois in 1910, and it is headed:

"A patentee, who has adopted and registered a trade-mark which he uses to designate the patented article, may assign the right to use such trade-mark as an incident to a license to make and sell the patented article without losing his rights therein, and, on termination of the license, is reinvested with full title to the trade-mark, with the right to protection against its continued use by the licensee."

The Court: In other words, you say that even if we take everything in the affidavit of the defendants' agent, Young, as true, it is not a good defense to this action?

Mr. Oppenheim: That is right, absolutely none.
300 Along that line, I will quote from Callmann's latest edition on unfair competition, Volume 3, page 1307. He said:

"As already indicated, a license involves a temporary surrender of right based upon a particular relationship. When the relationship ends, either because the agency or employment contract terminated, a contract between patentee and licensee expires, or a licensee fails to respect the conditions of the contract, the licensee's right to the trade-mark ends, and the mark reverts to the licensor. Once the contract expires any subsequent use by the former licensee constitutes trade-mark infringement. Even absent a provision that the use of a trade-mark cannot continue beyond the life of the contract, this, it has been held, will be regarded as a 'necessary inference from the contract itself'."

Citing *United States Ozone Company* v. *United States Ozone Company of America,* 62 Fed. 2nd 881, decided in the Seventh Circuit, and *Morand Brothers* v. *Chippewa Springs Corporation,* 2 Fed. 2nd 237, also decided in
301 the Seventh Circuit.

Then there is the famous President Suspender case, *President Suspender Company* v. *MacWilliams,* where they held that the license to use the name belongs to the company that had the name first, even though it permits someone to manufacture articles in that name.

The Court: What about this old Singer Sewing Machine case? Are you familiar with it?

Mr. Oppenheim: The Singer case, I believe, was the case where the word had a generic meaning.

The Court: I think they held there on the expiration of the patent the name "Singer" could be used by others because it had become a generic term.

Mr. Oppenheim: Yes.

The Court: Can you distinguish that case?

Mr. Oppenheim: Very clearly, in this respect. There are a number of these cases that have to do with the generic application of the name, and they have all come to be known as escalator cases.

In the present case, the word "Riverbank" is not used in a generic sense, and in the second place, the generic name idea must yield to the well established line of cases in recent years which I have cited, as to the acquisi-
302 tion of a special or secondary meaning, and they have held time and again that no one will be protected in the use of a name which he has tried to appropriate where someone else has had the name long before. A name could not become generic if the name existed before the patent. These generic situations are where the name became associated solely with the article in commerce.

That is not the situation here at all. Now, just to show you what could happen here, the Riverbank Laboratories are known as the only organization in the United States that have accepted tests for insulation, and we have shown in our affidavit in support of this motion for a temporary injunction—if your Honor will just glance at the affidavit of Richard Hammerberg, I think you will get the impression of exactly what is going on.

The Court: The affidavit of Richard Hammerberk?

Mr. Oppenheim: Yes. Now, if your Honor will look at the exhibits attached to the affidavit, you will see what they are trying to do, your Honor, after the expiration of the patent, and after this lawsuit was brought.

There, in response to inquiries about sound insu-
303 lating doors, sent through the mails in the envelope of the Hardwood Products Corporation, Acoustical De-

partment, Chicago, Illinois, there is enclosed in that an article which says that this door is the door developed at the Riverbank Laboratories. They are still not only using the name "Riverbank," but they are using the name of "Riverbank Laboratories."

It seems to me that this is the clearest kind of case for a temporary injunction.

The Court: All right. I will hear from you, Mr. Fox.

Mr. Fox: I would like to say first, your Honor, with reference to the affidavit recently filed, that that contains material for the first time in this case countervailing the affidavits heretofore filed on behalf of the plaintiff. The answer has not yet been filed, and there is certain factual disputes in connection with that, and I would like to go into this evidence, first recalling that this is a motion for a preliminary injunction, and in a patent and trade-mark case, that is a very exceptional, and a rather harsh provisional remedy, and one in which the courts have been very careful to apply only in cases of necessity.

The Court: It is not only in that kind of case, but
304 in any case, courts are slow to grant a temporary injunction.

Mr. Fox: That is right, and in trade-mark cases, and cases of this sort, the courts have pointed out that the first requisite is that the plaintiff's case must be clear, beyond a reasonable doubt, practically speaking, on the issue.

The Court: No. You show me a case where the court said it would have to be beyond a reasonable doubt.

Mr. Fox: In *Flintkote* v. *Philip Carey Company,* 13 Fed. 2nd 850, the court said:

"To justify the issuance of a temporary injunction in a suit brought on a patent for a breach of license agreement, or to enjoin unfair methods of competition,—"

The Court: It says "clear and convincing."

Mr. Fox: "—plaintiff's case should be a clear one, free from reasonable doubts."

That is carrying it very far, I agree, and that is perhaps what the great bulk of the cases aim to say, that the case must be an exceptional one. We are all agreed on that point now, anyhow, that it must be an exceptional one.

305 The case of the plaintiff must be made out in this fashion, or where you can see it without question.

Now, there is another important rule in connection with

which your Honor is entirely familiar. That is where a provisional remedy is used, that must balance the situation.

What that means is simply this, that a preliminary injunction is granted to preserve the status quo, not to upset one and establish a new situation, and to do it in such a way that the ultimate relief sought in the action is not given at the outset before the case is tried.

Now, I have attempted to get together a few authorities on each of these two points.

The Court: You mean authorities in addition to the brief you have filed here?

Mr. Fox: I have no brief on this motion.

The Court: Not on the preliminary injunction motion?

Mr. Fox: No. I have given you a copy of the memorandum.

The Court: Have you given counsel a copy?

Mr. Fox: Yes, on these two points. On the first point, that case must be clear.

306 I want to point out that the defendant here first started to make these doors in 1936 under a contract with reference to a patent license, and that contract was not with this plaintiff. It was with a partnership called the Riverbank Insulating Door Company.

The name "Riverbank" was placed in the hands of another functioning entity, namely this partnership, with the full knowledge and consent of the plaintiff here; that the plaintiff was a partner in that agreement. The agreement was one under which a license was given in this peculiar language. The very first clause of the contract, which is plain, reads:

"The Riverbank Insulating Door Company grants to Hardwood Products Corporation exclusive right to manufacture and sell the Riverbank sound insulating doors throughout the United States."

Now, at that moment, at the date of that agreement, nobody had manufactured for commercial purpose a single one of these doors. Nobody had sold, commercially, a single one of these doors. There was no door upon which a trade-mark could be based, and your Honor is well familiar with the fact that activity is the essential thing.

307 There must be customers and trade and good will upon which a trade-mark can be based, so I say at the outset the word "Riverbank" was a generic term. The

patent had come along, and there was no other name for the thing.

Now, as of that date in 1936, that was the situation. When the defendant here started in this business, it does not know whether it can make any money. I understand that is not material, but I cannot help from remarking on it.

There was a 20 per cent royalty in this matter, and it is the most fabulous thing you ever encountered. It went through 17 years and paid these royalties, $3,000 or $4,000 a month, nevertheless this business was built by the defendant here.

Doctor Sabine, the inventor of this door, is today in retirement. He was an exceptional person. This has been an exceptional business, but at the time this started, that was the generic word given to this door, and the parties operated on that basis in an agreement for a numbe of years without any question, but as time went on, the business grew, and this defendant established with its customers an excellent reputation as the source of these insulating doors, and it was to the defendant they looked
308 for the quality of this merchandise, and if they had a complaint, it would go through the defendant.

And as time went on, what happened was that in many instances—I will remark about that later—this word began to acquire a secondary meaning. It began to designate this defendant as the source of this merchandise. There was not any question about it.

The word that has been generic again became specialized in its meaning, and the defendant registered the word "Riverbank" as a trade-mark. Attached to its affidavit that was presented to your Honor is a copy of the registration certificate. It was legitimately acquired. There have been statements that it was surreptitiously obtained, that the plaintiff did not know anything about it. That is a hard thing for us to prove. If we did, it would be negative proof, but under the statute we do not have to prove that they had knowledge.

The Court: May I ask you a question?

If the name passed to the public by virtue of the expiration of the patent, could your client's trade-mark be valid as against the plaintiff who certainly could use his own name on doors manufactured after the expired time?

309 Mr. Fox: There are some complexities in the question you have asked. I would like to answer it in this fashion, if I may.

The Court: I don't know whether it is complex, but I think it is of interest here in this discussion.

Mr. Fox: Now, about last December—I am trying to remember the approximate date because it is of some consequence. This patent expired on the 11th day of May. The first time that plaintiff comes up and inquires about this situation with reference to Riverbank as a word applying it to doors, they say they have noticed that we have a trade-mark registration, and our client feels that we may not retain such a valuable right as this actually is, we said, and I think very freely and frankly and properly to this plaintiff, that under the doctrine of the Singer *vs.* June, when a patent expires, aren't these doors available to the public to be made by anyone who wants them, and shouldn't this name go with the door?

That is our position.

The Court: I hope you will pardon me when I say I do not think you have made reply to my question.

Mr. Fox: Your question is, could it go back again from the trade-mark situation to generic and then back 310 again?

The Court: No, it is just a simple question in the law of trade-marks. If this name passed to the public by virtue of the expiration of the patent, do you not believe that the plaintiff could still dispute your client's trade-mark and use its name on doors manufactured under these expired patents?

Mr. Fox: Under the doctrine of Singer *vs.* June, if that name were questioned,—and certainly we have never disputed it and we have put the proposition to the plaintiff, what would transpire, and this is essentially the thing that happened, they said, "No you give us your trade-mark registration. We will take it as our property, and we will turn around and we will exact $10,000 from you from now and forever more if you put the name on the door."

That is what this plaintiff is aiming to do here. They do not want the situation opened up. Their bill of complaint alleges—they don't admit, they allege we told them we were going to treat it as generic on the expiration.

The Court: But they say you haven't any right to. The facts here, you should point out, are not disputed.

The question which the Court will have to determine
311 is, is the plaintiff entitled to relief in view of the fact that what the plaintiff is asking for is an injunction here.

Mr. Fox: Maybe so.

The Court: That is right.

Mr. Fox: If the word is generic, nobody has any right in it whatsoever apart from the rights of the members of the public.

The Court: That is one thing I am going to have to decide. The only thing of importance is whether or not it is generic. Mr. Oppenheim, for his client, said a few minutes ago that the plaintiff denied that this name was generic.

Mr. Fox: Yes. But on what basis? If it is not generic, then it is a technical trade-mark, and as a technical trade-mark, it must be based upon business and good will, existing business and good will.

If there is any basis in this litigation resulting in a holding by any court that the defendant's business in doors has got to be turned over to this plaintiff here because the patent expired, it has the business and good will regardless of under what name it is carried on.

312 Now, let us look at it another way: the plaintiff is not a manufacturer. As a matter of fact, as far as we are able to ascertain, its only activity consists in collecting its royalty and renting its real estate.

Mr. Oppenheim: That is not true.

Mr. Fox: At any rate, they have no other business.

Mr. Oppenheim: You are stealing it from us. You are using our name "Riverbank" in your literature, which is an utter falsehood.

Mr. Fox: At any rate, your Honor, on this motion—

The Court: Isn't this true, Mr. Fox? I think the plaintiff stated the public associates the name "Riverbank" as the source, and they do not contend that the name is the product itself. It is the respectability of the name.

Mr. Fox: On that point I will make this clear. Our federal law with reference to trade-marks is well codified.

Mr. Oppenheim: This is not a trade-mark case, it is a trade-name case, unfair competition. It does not involve trade-marks.

Mr. Fox: If I may continue my argument—

Mr. Oppenheim: I am sorry. I should not have interrupted you.

313 Mr. Fox: What I want to point out in this connection is that up until a few years ago, we had no satisfactory enactment with reference to this matter of certification. Such things are well known through Good Housekeeping and still prevail and Underwriters Laboratories prevail. They are the sole agents which operated in that fashion, and the law was beginning to develop on it, the decision law, and was hastened, I believe, by the enactment of the Lanham Act in 1946.

And at that time provision was made for registration of certification marks.

During the whole 17 years of this agreement, your Honor, the plaintiff was participating in this very lucrative royalty. It gave the exclusive right to this defendant, and was bound by contracts so to speak and discriminately refused to certify anybody else's door, so they could not have been in the certification mark business under the federal statute.

And now they have come to the end of the period where the lucrative royalty comes in, and they want to step into that activity as an impartial umpire, so to speak, with no pecuniary interest in the situation.

The Court: I will give you five more minutes on this.

314 I do not like to restrict you. So much has been said here that does not directly relate to the motion, and when I say this, I am not implying how I am going to decide this motion. I will tell you frankly I am going to take a little time on it. This is an unfair competition case, or at least that is what it is presented to me in the complaint, and I want to tell you, as I read this circular which is appended to the affidavit of the affiant, Hammerberg, for the plaintiff, certainly we are going to have to give serious consideration to the charges of the plaintiff that there is unfair competition.

Now, whether it is such unfair competition as requires the Court to issue a temporary injunction, I don't know yet.

Mr. Fox: I will say on that, your Honor, this has continued for 17 years. If it goes on for a few more months, the injury to the plaintiff is strictly a matter that could be compensated by money. Certainly there is no irreparable damage. It is the status quo that is maintained.

The Court: Except this. We are way behind in our calendar here. This is a 1954 case. I am trying some cases here three or four or five years old, and besides,

I think that is beside the point, if, as a matter of law,
315 the plaintiff is entitled to a preliminary injunction.

Mr. Fox: That is on the point of law, your Honor. The case to be decided is on the ultimate relief sought.

The Court: That is right.

Mr. Fox: Another point I think that is very important, your Honor, is that the status quo would be upset. What the plaintiff asks for here is a preliminary injunction.

The Court: Well, this matter of the status quo is so often misunderstood by people. Now, I know that a temporary injunction should issue to maitain the status quo, but should we permit illegal acts to continue just because the illegal acts are the status quo? I do not think is what the cases mean when they use the language "status quo."

I have seen reviewing courts go wrong, in my opinion, in interpreting the ruling of "status quo."

Now, I will let you file anything additional you want here to help me. I cannot give you any more time.

Mr. Fox: I would like to answer a question or two as to this bulletin, if I may.

316 The Court: Yes.

Mr. Fox: That was procured I think a day or two after the expiration of the patent.

The Court: It does not look good. Will you grant me that?

Mr. Fox: It is from stock on hand. I am sure they are not going to print any more, and give out any more, and manufacture under a patent license which has now expired.

May I say this, that under the contract, orders received and placed on file to the date of the expiration of the contract are subject to royalty.

The Court: You are soliciting new business here?

Mr. Oppenheim: That is right.

Mr. Fox: I am not, as far as the representation is concerned. It is still profit.

The Court: Well, as I say, you may file anything additional you want that will help me by way of argument.

I think that the defendant should not continue to send out these circulars. I don't know whether that alone will entitle plaintiff to an injunction, but I came out of indus-

try, Mr. Fox. I was for many years senior officer of
317 one of the country's large business enterprises and we had a lot to do with patents and trade-marks and

copyrights, and all those matters passed over my desk as general counsel for the company, and I think that manufacturers or merchants, holding themselves out as respectable merchants, ought to steer clear of these doubtful situations. So many of them take a chance. In a way, I know your firm. I have known Mr. Quarles for years. I know your firm, and I have had a lot to do with your associate here in this firm, and of course the attorneys for the plaintiff, they are all fine people in this case but all too often our clients, manufacturers and sales managers, do things that get themselves into trouble.

If relief is indicated in the form of a preliminary injunction, I would grant it. Now, I am not sure whether this is a case that warrants the entry of a preliminary injunction. If it is, I do not hesitate. I am not what is known as an injunction judge, but I do not shrink from the responsibility to enter one if I think it is indicated.

Mr. Fox: I am sure, your Honor, it is not, and I am also sure your Honor brought up the question in Singer *vs.* June.

The Court: Yes, it was fair to you to bring it up,
318 and I wanted counsel for the plaintiff to distinguish it for me. We are all familiar with that case. I have met the case here so often.

May I suggest this? I don't know how solvent your respective clients are, but if you could make arrangements to have the Reporter write up what we have said here today, both of you, and give me the benefit of that transcript to study, and I will take anything else you may want to file, in addition to this memorandum, and perhaps, Mr. Oppenheim, you may want to file a reply to it. I will get to it as soon as you give me any material you may want to give me. I will limit you as to time. Today is Thursday.

If, by next Wednesday, you want to give me more material, you may do so. I want to study this very carefully. Of course, we should not grant preliminary injunctions unless they are clearly indicated.

I will take what you have to offer up to and including next Wednesday. If I do not hear from you by then, I will decide this case on what I have, I mean the motion, and notify your local counsel.

Mr. Fox. Thank you.

Mr. Oppenheim: Thank you.

320 And afterwards, to-wit, on the 3rd day of June, 1954, being one of the days of the regular May term of said Court, in the record of proceedings thereof, in said entitled cause, before the Honorable Julius J. Hoffman, District Judge, appears the following entry, to-wit:

321 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

This cause coming on for hearing on the plaintiff's motion for a temporary injunction come the parties by their counsel and upon due consideration the Court being fully advised it is

Ordered that the motion to dismiss the amended complaint be and the same hereby is denied and the plaintiff's motion for a preliminary injunction hereby is taken under advisement and it is

Further Ordered that leave be and hereby is given to all parties to file any and all papers (briefs), etc., by June 9, 1954.

322 And afterwards, on to-wit the 9th day of June, 1954, there was filed in the Clerk's office of said Court a certain Supplemental Affidavit of Maulsby Forrest in words and figures following, to-wit:

323 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

SUPPLEMENTAL AFFIDAVIT OF MAULSBY FORREST.

State of Illinois, }
County of Cook. } ss.

Maulsby Forrest, being first duly sworn, on oath says that he resides in Evanston, Cook County, Illinois; that he is president of Riverbank Laboratories, an Illinois not-for-profit corporation, plaintiff in the above entitled cause; that he has knowledge of the matters and things, and the facts, hereinafter stated; and that he makes this supplemental affidavit in support of plaintiff's motion for a temporary injunction herein.

Affiant further states that:

1. The plaintiff, Riverbank Laboratories, a corporation, has been continuously since its incorporation actively engaged, and was at the time of the commencement of this action actively engaged, and still is actively engaged, in carrying on scientific research and experimentation, not-for-profit, in the field of acoustics, insulation of sound,
324 and related matters; and scientific research and experimentation in the field of electronics, tuning forks, and other scientific fields, (as stated in paragraph 2 of affiant's affidavit heretofore filed herein on May 20, 1954).

2. At the time of the commencement of this action, and since then (as well as prior thereto) the plaintiff, Riverbank Laboratories, a corporation, has had approximately twenty employees on its payroll, and the plaintiff corporation has paid and still continues to pay the salaries of said employees.

3. The gross receipts of the plaintiff corporation have exceeded, on the average, $125,000 per annum, and will exceed $125,000 per annum during the calendar year 1954.

4. The plaintiff, Riverbank Laboratories, a corporation, has prior to, and at the time of this action, and since then, maintained an engineering division of its own (not connected with any other institution), which division has been continuously and still is engaged in scientific research in the field of electronics, tuning forks and related fields.

5. The relationship of the plaintiff, Riverbank Laboratories, a corporation, to the Armour Research Foundation of the Illinois Institute of Technology is as follows: The plaintiff corporation has an arrangement whereby it receives assistance in the conduct of research in acoustics and sound insulating doors from Armour Re-
325 search Foundation, and under said arrangement the plaintiff corporation will pay compensation to Armour Research Foundation for its cooperation in said research or sound insulating doors. All the work done by Armour Research Foundation at the laboratories of plaintiff corporation is done under the name "Riverbank Acoustical Laboratories Division of Armour Research Foundation of the Illinois Institute of Technology". The Foundation has an arrangement whereby it pays the plaintiff corporation a percentage of its receipts from research done for commercial use; and at the same time the Foundation has the privilege of using the plaintiff corporation's laboratory

facilities, without the payment of compensation, where pure scientific research only is involved.

6. In addition to the foregoing activities, the plaintiff corporation has an administrative division staffed by employees whose salaries are paid by plaintiff corporation.

Maulsby Forrest.

Subscribed and sworn to before me this 9th day of June, 1954.

Nancy Fredman,

(Seal) *Notary Public.*

326 And afterwards on, to-wit, the 14th day of June, 1954, came the Defendant by its attorneys and filed in the Clerk's office of said Court its certain Answer in words and figures following, to-wit:

327 IN THE UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

ANSWER.

Hardwood Products Corporation, the defendant above named, answering the bill of complaint herein as amended, says:

1. Defendant is without knowledge of the corporate form under which plaintiff exists, as alleged in paragraph 1 of the complaint, and therefore, denies the allegations of said paragraph with respect to plaintiff; defendant admits that it is a Wisconsin corporation.

2. Denies that the amount in controversy exceeds the sum of Three Thousand Dollars ($3,000.00), exclusive of interest or costs or any other amount, as alleged in paragraph 2 of the complaint.

328 3. Denies that venue for the action lies, denies that the court has jurisdiction thereof, and therefore, denies the allegations of paragraph 3 of the complaint.

4. Defendant is without knowledge of the matter alleged in paragraph 4 of the complaint and therefore, denies the same.

5. Defendant admits the corporate name of plaintiff to be Riverbank Laboratories but denies that plaintiff has continuously, to the time of commencement of this action,

carried forward scientific research and experimentation as alleged in paragraph 5 of the complaint.

6. Denies that Riverbank Laboratories has been nationally and internationally renowned continuously since its original founding; denies that plaintiff's findings of its research and experimentation have been disseminated throughout the world; denies that plaintiff has devotion as alleged; denies that Riverbank Laboratories is as alleged, universally identified with scientific excellence and denies that the name Riverbank universally conveys the meaning that a product meets the scientific tests and standards established by, or has the sponsorship of plaintiff, as alleged in paragraph 6 of the complaint.

7. Defendant is without knowledge of the matters alleged in paragraph 7 of the complaint and therefore, denies the same.

329 8. Denies that plaintiff has established standards accepted as controlling for the construction of factories, defense plants, schools, hospitals and other buildings as alleged in paragraph 8 of the complaint; denies that the Acoustical Materials Association consists of all recognized manufacturers of sound insulating materials in the United States and denies that plaintiff has been the sole arbitrator for all such manufacturers; denies that such certification is the only certification which is accepted in the United States and denies that defendant is certifying the qualities of materials as alleged in paragraph 8 of the complaint.

9. Denies paragraph 9 of the complaint.

10. Paragraph 10 of the complaint being predicated in part upon matters not admitted is denied, except that it is admitted that United States patent No. 2,079,878 issued more than sixteen years ago, and the interest of plaintiff therein, as alleged, is admitted.

11. Admits that the sound insulating door covered by the patent aforesaid, has continuously, since first sold in commerce, been designated by the word Riverbank, but denies that plaintiff has at any time sponsored said door and therefore, denies that the word Riverbank has at any time indicated sponsorship thereof by plaintiff as alleged in paragraph 11 of the complaint; denies that the

330 name Riverbank has been the appellation of such doors by virtue of the provisions of any license agreement or any other contractual definition of the respective rights of plaintiff or defendant as alleged in paragraph 11.

12. Defendant being without knowledge of the intent, purpose and formation of Riverbank Insulating Door Company denies the allegations of paragraph 12 of the complaint.

13. Admits the allegations of paragraph 13 of the complaint.

14. Denies the allegations of paragraph 14 of the complaint.

15. Admits the allegations of paragraph 15 of the complaint.

16. Denies the allegations of paragraph 16 of the complaint.

17. Denies the allegations of paragraph 17 of the complaint and avers that on or about the date therein alleged, defendant by way of compromise in response to a demand by plaintiff that defendant relinquish its trade mark rights in the word Riverbank to plaintiff, offered to treat the word Riverbank, as applied to sound insulating doors, as the generic name thereof providing plaintiff would
331 similarly so treat the same which offer was refused by plaintiff orally and by the commencement of this action.

18. Paragraph 18 of the complaint has been stricken.

19. Paragraph 19 of the complaint has been stricken.

20. Answering paragraph 20 of the complaint, as amended, defendant denies that plaintiff has been or will be injured or damaged in any of the respects set forth therein.

21. Defendant denies each and every allegation in the complaint, not herein admitted, controverted or specifically denied.

Further answering Defendant states that:

(a) Defendant is neither licensed to do business within the state of Illinois nor is it doing business therein nor in the Northern District of Illinois, Eastern Division, that venue does not lie has not been waived by defendant and this court is without jurisdiction in this action.

(b) Defendant by its long use of the word Riverbank in connection with the manufacture and sale of sound insulating doors commencing in the year 1936, and carried forward with the knowledge and consent of plaintiff has built up substantial trade, custom and good-will in its
332 business in sound insulating doors under and in connection with the use of the word Riverbank, from which a secondary meaning has arisen with respect to said

word Riverbank such that it designates defendant as the origin of sound insulating doors manufactured and sold by defendant, whereby defendant, with the knowledge, consent and acquiescence of plaintiff, has acquired trade-mark rights in the word Riverbank.

(c) Long prior to December 2, 1953, the date upon which plaintiff alleges its first knowledge of the assertion of trade-mark rights on the part of defendant in the word Riverbank, plaintiff knew of or was charged with knowledge of the trade-mark use of said word Riverbank by defendant and of the registration of said word in the United States Patent Office as a trade-mark by defendant and plaintiff has not availed itself of the remedy of cancellation available to it under the statutes.

(d) Plaintiff, as a participant in the joint enterprise operated under the name Riverbank Insulating Door Co., was a regular and frequent recipient of monetary return from the activities of defendant, carried on under the word Riverbank, by reason of which plaintiff was reminded frequently, regularly and continuously since 1936 of the activity of defendant involving the use of the word Riverbank in connection with its business, all without any protest until shortly before commencement of this action by reason of which plaintiff is barred by laches from 333 any relief sought herein.

Wherefore, the defendant prays judgment that the complaint of the plaintiff be dismissed with costs to the defendant.

Dated: June 11, 1954.

Gerrit P. Groen,
(Wilkinson, Huxley, Byron, Hume),
1604 First National Bank Building,
Chicago 3, Illinois.

Of Counsel:
David A. Fox,
411 East Mason Street,
Milwaukee 2, Wisconsin.

Service of the foregoing answer and receipt of a copy thereof are hereby acknowledged this 14th day of June, 1954.

William J. Friedman,
Maurice Rosenfield,
Jack H. Oppenheim,
Attorneys for Plaintiff.

334 And afterwards on, to wit, the 14th day of June, 1954 there was filed in the Clerk's office of said Court a certain Memorandum of the Honorable Julius J. Hoffman, District Judge in words and figures following, to wit:

335 UNITED STATES DISTRICT COURT.

Chicago 4.

Chambers of
Judge Julius J. Hoffman

June 14, 1954.

William J. Friedman, Esquire
Maurice Rosenfield, Esquire
Jack H. Oppenheim, Esquire
Attorneys for Plaintiff
208 South La Salle Street
Chicago 4, Illinois

James P. Hume, Esquire
Gerrit P. Groen, Esquire
Wilkinson, Huxley, Byron & Hume
Attorneys for Defendant
1604 First National Bank Building
Chicago 3, Illinois

Re: Riverbank Laboratories, a corporation, *vs.* Hardwood Products Corporation, a corporation

54 C 300

MEMORANDUM.

The plaintiff has filed a motion for a preliminary injunction to restrain the defendant, its exclusive licensee for many years under a now expired patent:

> "From using, applying, advertising or publicizing, in any manner whatsoever, the name 'Riverbank' or 'Riverbank Laboratories' in connection with the sale or offer for sale of doors manufactured by defendant."

Both the plaintiff and the defendant, through their respective counsel, have filed comprehensive briefs and arguments in support of and in opposition to the motion,

and both sides have filed supporting and opposing affidavits.

The Court has considered the briefs and arguments and the affidavits and has concluded to grant plaintiff's motion for a preliminary injunction against the defendant's use of the name "Riverbank" in the sale of its doors for the following reasons:

1. Plaintiff, or its predecessor, had for a very long time used the name "Riverbank" in the acoustic research field and had gained a degree of prestige.

336 2. The plaintiff granted an implied license to use the name "Riverbank" in connection with the sale of the insulating doors, co-terminous with the patent license, and upon expiration of that patent license, the right to use the name reverted to the plaintiff.

3. The defendant's registration of the trade mark "Riverbank" shortly before the termination of the patent was without the plaintiff's actual knowledge or consent.

4. While pending the existence of the preliminary injunction about to issue, the defendant may not sell its doors as Riverbank doors. The Court feels that the defendant has predicted too dire results from its issuance. The patent has expired. The defendant may therefore continue to sell the doors under the patent specifications to all present and prospective customers as it can garner. If the trade had identified the defendant as the source of these excellent doors, it will continue to do so.

5. It would be unfair to adjudge the plaintiff without the right to use its own name on a door covered by an expired patent on an invention conceived in its own laboratories because a patent licensee built up a profitable business under the license and thereafter succeeded in being the first to register the owner's name as a trade mark as against the patent owner.

6. The defendant's right to use the trade name ceased. Therefore, the denial of an injunction would be granting it a right which it does not otherwise possess. It would therefore be a disruption of the status quo to deny the injunction.

Counsel for the plaintiff are directed to prepare an appropriate order not inconsistent with the views herein expressed.

Julius J. Hoffman,
Judge.

337 And afterwards on, to wit, the 18th day of June, 1954 came the Plaintiff by its attorneys and filed in the Clerk's office of said Court its certain Notice in words and figures following, to wit:

338 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

NOTICE.

To: James P. Hume, Esquire,
Gerrit P. Groen, Esquire,
Wilkinson, Huxley, Byron & Hume,
Attorneys for Defendant,
1604 First National Bank Building,
Chicago 3, Illinois.

Please Take Notice that on Thursday, June 17, 1954, at the time of the opening of court in the forenoon or as soon thereafter as counsel can be heard, we shall appear before the Honorable Julius J. Hoffman, Judge of said court, in his courtroom in the United States Court House, Chicago, Illinois, and shall, pursuant to Memorandum of the court dated June 14, 1954, present the accompanying order for preliminary injunction and move that the same be entered and that the court fix the amount of plaintiff's surety bond or security in connection therewith.

William J. Friedman,
Maurice Rosenfield,
Jack H. Oppenheim,
Attorneys for Plaintiff,
208 South LaSalle Street,
Chicago 4, Illinois,
Telephone—DEarborn 2-5580.

Received a copy of the foregoing notice together with the two copies of the form of injunction order above mentioned this 16th day of June, 1954.

James P. Hume,
Gerrit P. Groen.

339 And on the same day, to wit, on the 18th day of June, 1954, being one of the days of the regular June term of said Court, in the record of proceedings thereof, in said entitled cause, before the Honorable Julius J. Hoffman, District Judge, appears the following entry, to wit: Order for Preliminary Injunction:

340 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

ORDER FOR PRELIMINARY INJUNCTION.

This case having come on for hearing upon plaintiff's motion for a preliminary injunction, supported by the affidavit of Maulsby Forrest (filed May 20, 1954), the affidavit of Richard Hammerberg (filed May 20, 1954), and the supplemental affidavit of Maulsby Forrest (filed June 9, 1954); and upon the opposing affidavit of Henry J. Young (filed by defendant on June 3, 1954); and the court having considered the undisputed facts appearing from said affidavits, and having heard the arguments of counsel for the respective parties and having considered the briefs filed by them in support of and in opposition to the said motion; and now being fully advised in the premises,

The Court Finds That:

1. This court has jurisdiction of the subject matter hereof and of the parties hereto.

2. Plaintiff, Riverbank Laboratories, is a not-for-profit corporation organized and existing under the laws of the State of Illinois and has its principal office in Geneva, Illinois, within the district and division aforesaid.

341 3. Defendant is a corporation organized and existing under the laws of the State of Wisconsin; and was at the time of the service of summons herein, and continuously for many years immediately prior thereto, and still is doing business in the City of Chicago, State of Illinois, within the district and division aforesaid.

4. Continuously from the year 1912 until the incorporation of plaintiff in 1921, plaintiff predecessor, Riverbank Laboratories (a sole proprietorship) situated at Geneva, Illinois, carried on scientific research and ex-

perimentation, not-for-profit, in the field of acoustics, insulation of sound, and related matters, as well as research and experimentation in other scientific fields. In 1921 Riverbank Laboratories was organized as a corporation not-for-profit under the laws of the State of Illinois, whereupon the name Riverbank Laboratories became the corporate name and sole property of plaintiff, and upon its incorporation plaintiff succeeded to the sole ownership of the goodwill, trade name, buildings, laboratories, tools, instruments, research data, library and the reputation for scientific endeavor of its predecessor Riverbank Laboratories.

5. Continuously from the incorporation of plaintiff in the year 1921 until the present time, plaintiff has retained the name and identity of "Riverbank Laboratories," and under said name has actively carried forward at Geneva, Illinois, on the same site as its predecessor Riverbank Laboratories, and in the buildings and laboratories originally constructed by its said predecessor and improved from time to time by plaintiff, scientific research and
342 experimentation, not-for-profit, in the field of acoustics, insulation of sound, and related matters, as well as research and experimentation in other scientific fields.

6. The name of plaintiff corporation, and its predecessor, "Riverbank Laboratories", and the colloquially shortened version of said name, "Riverbank", had gained renown, prestige, and a special meaning and reputation in the acoustical research field long prior to the year 1935.

7. On May 8, 1935, when the name "Riverbank" already possessed the aforesaid reputation and prestige, a patent application was filed in the United States Patent Office covering the construction of a sound insulating door which had been developed at Riverbank Laboratories, and upon which application there was subsequently issued on May 11, 1937 United States Patent No. 2079878; and from the time of the application for said patent, continuously until the time of its expiration on May 11, 1954, the plaintiff, Riverbank Laboratories, was the owner of an undivided one-half interest in said patent.

8. During the pendency of the aforesaid patent application, plaintiff corporation became a partner, together with the joint owner of said patent and a third person, in an enterprise created for the purpose of controlling the marketing of the sound insulating door covered by said

patent and controlling the design and specifications for its manufacture. This joint enterprise was called the Riverbank Insulating Door Company.

9. On September 12, 1936, Riverbank Insulating Door Company entered into a written agreement with the defendant, Hardwood Products Corporation, whereby the
343 latter was exclusively licensed upon a royalty basis, to manufacture and sell the sound insulating door covered by said patent; and the plaintiff granted an implied license for the use of the name "Riverbank" in connection with the sale by defendant of said sound insulating doors; and defendant has since the inception of said agreement sold a large number of sound insulating doors under the name "Riverbank Insulating Door", and defendant's trade circulars have stated that said doors "embody results of extensive research at Riverbank Laboratories at Geneva, Illinois."

10. On January 12, 1951, during the life of said patent and during the continuance of the plaintiff's implied license to defendant to use the name "Riverbank" in connection with the sale of the sound insulating doors which defendant had been licensed to manufacture and sell under said patent, defendant filed an application in the United States Patent Office stating that it had adopted and was using the trademark "Riverbank" (shown in an accompanying drawing) for soundproof doors; and defendant requested that the said trademark be registered in the United States Patent Office on the Principal Register in accordance with the Act of July, 1946; and stated that the said trademark was first used on November 1, 1936, and first used in commerce among the several States which may be lawfully regulated by Congress, on November 1, 1936. The defendant's application for registration of the trademark "Riverbank" was made without actual notice to plaintiff and without plaintiff's actual knowledge or consent.

11. On May 11, 1954, said patent expired. Prior thereto, on March 30, 1954, the partnership known as Riverbank Insulating Door Company was dissolved. The implied
344 license granted by plaintiff to defendant to use the name "Riverbank" in connection with the sale of the insulating doors terminated and expired not later than the expiration date of the patent aforesaid, and defendant no longer had any right, license, privilege, authority, consent

or permission to use the name "Riverbank" in connection with the manufacture and sale by it of doors or other products. All rights to the use of the name "Riverbank" reverted to the plaintiff.

12. Since the expiration of said patent, that is, since after May 11, 1954, and since the termination of defendant's implied license to use the name "Riverbank", defendant has continued, without any license or authority whatsoever, and still so continues, to use the name "Riverbank" in connection with its solicitation of orders for sound insulating doors manufactured by it. Since after May 11, 1954, the defendant, in connection with its solicitation of orders for sound insulating doors manufactured by it, has supplied circulars to prospective customers designating defendant's product as "Riverbank Sound Insulating Doors"; and defendant has continued to trade on the name and reputation of the plaintiff corporation by such use of the name "Riverbank", and also by stating in its trade circulars that Riverbank Sound Insulating Doors "embody results of extensive research at the Riverbank Laboratories at Geneva, Illinois".

13. Defendant's unlicensed use of the name "Riverbank" and "Riverbank Laboratories" is working irreparable damage upon the plaintiff, and unless defendant is restrained from such unlicensed use pendente lite, plaintiff will continue to suffer irreparable damage, which could not adequately be compensated by a later award. Said irreparable damage arises and will arise from the likelihood that the public and purchasers and prospective purchasers of sound insulating doors will believe that there is some relation between defendant's products and plaintiff, and that defendant's sound insulating doors are in some manner vouched for, sponsored, or approved by plaintiff.

345 The Court Concludes:

A. Plaintiff has made a clear showing of its probable ultimate success in the present action, warranting the issuance of a preliminary injunction.

B. The defendant's right to use the trade name "Riverbank" and "Riverbank Laboratories" has ceased. Therefore, the denial of an injunction would amount to granting defendant a right which it otherwise does not possess; it would be a disruption of the status quo to deny the injunction.

C. The unlicensed use by the defendant of the name

"Riverbank" and "Riverbank Laboratories" has been working irreparable injury upon plaintiff, and, unless restrained, will continue to work irreparable injury upon plaintiff, which could not be adequately compensated by a later award.

It Is Therefore Ordered:

I. That, until otherwise ordered by this court, the defendant, Hardwood Products Corporation, its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who will receive actual notice of this injunction by personal service or otherwise, shall be and they are hereby enjoined and restrained, and a writ of injunction shall be issued by the clerk of this court enjoining and restraining them, from using, applying, advertising or publicizing, in any manner whatsoever, the name "Riverbank" or "Riverbank Laboratories" in connection with the sale or offer for sale by them or any of them of sound insulating doors or other products.

II. This preliminary injunction order, and the writ of injunction to be issued thereon, are conditioned upon
346 plaintiff's filing, pursuant to Rule 65(c) of the Rules of Civil Procedure, a surety bond, or its giving of other security, in the sum of $1000.00, for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained.

Enter:

Julius J. Hoffman,
Judge.

Dated: June 18, 1954.

347 And on the same day, to wit, the 18th day of June, 1954, came the defendant by its attorneys and filed in the Clerk's office of said Court its certain Notice of Appeal (Clerk's Certificate of Mailing Attached Thereto) in words and figures following, to wit:

348 IN THE UNITED STATES DISTRICT COURT

For the Northern District of Illinois,

Eastern Division.

Riverbank Laboratories, a corporation, *Plaintiff,* *vs.* Harwood Products Corporation, a corporation, *Defendant.*	Civil Action No. 54 C 300.

NOTICE OF APPEAL.

Notice is hereby given that Hardwood Products Corporation, defendant in the above named action, hereby appeals to the United States Court of Appeals for the Seventh Circuit from the interlocutory order granting a preliminary injunction entered in this action on the 18th day of June, 1954.

Gerrit P. Groen,
Wilkinson, Huxley, Byron & Hume,
1604 First National Bank Building,
Chicago 3, Illinois,
Attorneys for Defendant.

Dated: June 18, 1954.

Of Counsel:
David A. Fox,
411 East Mason Street,
Milwaukee 2, Wisconsin.

349 United States of America, }
Northern District of Illinois. } ss.

* * (Caption—54-C-300) * *

CERTIFICATE OF MAILING.

I, Roy H. Johnson, Clerk of the United States District Court for the Northern District of Illinois, do hereby certify that on June 18, 1954, in accordance with Rule 73(b) of the Federal Rules of Civil Procedure, a copy of the foregoing Notice of Appeal was mailed to:

William H. Friedman, Maurice Rosenfield and Jack H. Oppenheim,
208 South La Salle Street,
Chicago 4, Illinois.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at Chicago, Illinois, this 18th day of June, 1954.

Roy H. Johnson,
Clerk,
By Gizella Butcher,
Deputy Clerk.

(Seal)

350 And on the same day, to wit, the 18th day of June, 1954, came the Defendant by its attorneys and filed in the Clerk's office of said Court its certain Motion To Stay Preliminary Injunction, in words and figures following, to wit:

351 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

MOTION TO STAY PRELIMINARY INJUNCTION.

Defendant moves the Court to stay the preliminary injunction granted herein on the 18th day of June, 1954, pending the appeal herein from the interlocutory order, on the filing of a bond in such amount as the Court may direct, for the following reasons:

1. The case for a temporary injunction is not clear beyond a reasonable doubt.
2. Plaintiff has not shown that it will suffer irreparable harm.
3. It has not been shown that the comparative inconvenience of plaintiff would exceed that of defendant if the injunction were not operative.
4. The effect of the temporary injunction would work irreparable injury against defendant.

Gerrit P. Groen,
Wilkinson, Huxley, Byron & Hume,
1604 First National Bank Bldg.,
Chicago 3, Illinois,
Attorneys for Defendant.

Of Counsel:
David A. Fox,
411 East Mason Street,
Milwaukee 2, Wisconsin.

Dated: June 18, 1954.

352 And on the same day, to wit, on the 18th day of June, 1954, being one of the days of the regular June terms of said Court, in the record of proceedings thereof, in said entitled cause, before the Honorable Julius J. Hoffman, District Judge, appears the following three (3) entries, to wit:

353 UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

This day comes the plaintiff by its counsel and presents its injunction bond for approval and it appearing to the Court that said bond is properly conditioned and in the amount fixed by the Court, to wit, in the sum of One Thousand Dollars ($1,000.00) and that the surety is good and sufficient security for said amount it is

Ordered that said bond be and the same hereby is approved and ordered to be filed with the Clerk of this Court.

354 UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

This cause coming on for hearing on the motion of the defendant for stay of preliminary injunction pending appeal and notice of appeal come the parties by their counsel and upon due consideration the Court being fully advised in the premises it is

Ordered that said motion be and the same hereby is denied.

355 UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

On motion of the plaintiff by its counsel it is

Ordered that leave be and hereby is granted to incorporate originals of depositions and attached exhibits and the exhibits attached to the affidavit of Richard Hammerberg for record on appeal.

356 And on the same day, to wit, the 18th day of June, 1954, came the Appellant by its attorneys and filed in the Clerk's office of said Court its certain Designation Of Record For Preliminary Hearing, in words and figures following, to wit:

357 IN THE UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

DESIGNATION OF RECORD FOR PRELIMINARY HEARING.

To The Clerk of the United States District Court for the Northern District of Illinois, Eastern Division:

Pursuant to Rule 75(J) of the Federal Rules of Civil Procedure appellant designates the following portions of the record to be contained in the record for preliminary hearing on appeal in the above entitled action to the United States Court of Appeals for the Seventh Circuit:

1. Complaint.
2. Summons.
3. Motion of defendant to dismiss for improper venue, for lack of jurisdiction, and for absence of necessary parties, filed March 24, 1954.
4. Affidavit of Charles D. Heidemann and affidavit of Henry J. Young, both filed March 24, 1954.
5. Affidavit of Maulsby Forrest filed May 13, 1954.
6. Motion for Temporary Injunction filed May 20, 1954.
7. Affidavit of Maulsby Forrest filed May 20, 1954.
8. Affidavit of Richard Hammerberg filed May 20, 1954, excluding exhibits.

358 9. Amendment to Complaint.

10. Affidavit of Henry J. Young filed June 3, 1954.
11. Answer.
12. Supplemental affidavit of Maulsby Forrest filed June 9th, 1954.
13. Deposition of Henry J. Young filed May 3, 1954.
14. Deposition of Charles D. Heidemann and deposition of Frederick O. Ludlow and exhibits, all filed May 11, 1954.

15. Memorandum Opinion of Judge Hoffman regarding Temporary Injunction, dated June 14, 1954.
16. Order granting Temporary Injunction dated June 18, 1954.
17. Notice of Appeal filed June 18, 1954.
18. Motion in District Court to Stay Temporary Injunction filed June 18, 1954.
19. Order of District Court denying Motion for Stay of Temporary Injunction dated June 18, 1954.
20. Order of District Court dated June 18, 1954 allowing certification for record on appeal of all original depositions including exhibits and original exhibits attached to affidavit of Richard Hammerberg filed May 20, 1954.

Gerrit P. Groen,
Wilkinson, Huxley, Byron & Hume,
1604 First National Bank Building,
Chicago 3, Illinois,
Attorneys for Appellant.

Of Counsel:
David A. Fox,
411 East Mason Street,
Milwaukee 2, Wisconsin.

Dated: June 18, 1954.

359 And afterwards, to wit, on the 22nd day of June, 1954, being one of the days of the regular June term of said Court, in the record of proceedings thereof, in said entitled cause, before the Honorable Julius J. Hoffman, District Judge, appears the following entry, to wit:

360 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

ORDER.

This cause coming on to be heard upon motion of plaintiff, pursuant to the suggestion made by Judge Elmer J. Schnackenberg in a hearing on defendant's motion to suspend the injunction held in chambers in the United States Court of Appeals on June 21, 1954, and the court being fully advised in the premises,

It Is Ordered:

1. That plaintiff file instanter its injunction bond in the sum of $10,000.00, in lieu of the bond heretofore filed by plaintiff in the sum of $1,000.00.
2. That plaintiff's said bond in the sum of $10,000.00, with cash security, is hereby approved.
3. That the bond heretofore filed by plaintiff in the sum of $1,000.00 with Royal Indemnity Company as surety be and the same is hereby released, discharged nad cancelled.

Enter:

Julius J. Hoffman,
Judge.

Dated: June 22, 1954.

361 And on the same day, to wit, the 22nd day of June, 1954, there was filed in the Clerk's office of said Court a certain Injunction Bond, in words and figures following, to wit:

362 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

INJUNCTION BOND.

Know All Men By These Presents that the undersigned, Riverbank Laboratories, a corporation, as principal, having deposited the sum of Ten Thousand Dollars ($10,000.00) with clerk of said court, as security, is held and firmly bound unto Hardwood Products Corporation, a corporation, in the penal sum of Ten Thousand Dollars ($10,000.00), lawful money of the United States, for the payment of which, well and truly to be made, it binds itself, its successors and assigns, by these presents.

Witness Its Hand And Seal this 21st day of June, A. D. 1954.

The Condition Of The Above Obligation Is Such That whereas, on the motion of said Riverbank Laboratories, a corporation, in the above entitled case, the United States District Court for the Northern District of Illinois, Eastern Division, did on the 18th day of June, A. D. 1954 enter an order for preliminary injunction which provides that,

until otherwise ordered by said court, the said Hardwood Products Corporation, its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them are enjoined and re-
363 strained from using, applying advertising, or publicizing in any manner whatsoever, the name "Riverbank" or "Riverbank Laboratories" in connection with the sale or offer for sale by them or any of them of insulating doors or other products;

Now, therefore, if the said Riverbank Laboratories, a corporation, shall pay the amount of such costs and damages as may be incurred or suffered by said Hardwood Products Corporation in the event it is found that said Hardwood Products Corporation was wrongfully enjoined, then the above obligation to be void, otherwise to remain in full force and effect.

Riverbank Laboratories, a corporation,
By: Maulsby Forrest,
Its President.

Attest:
Darlene Lund,
Secretary.
(Corporate Seal)

Ten Thousand ($10,000.00) Dollars Cash deposited with this Court to secure faithful performance of this bond.

R. Masters,
Cashier,
Deputy Clerk.

The undersigned, Julius J. Hoffman, judge of said court, hereby approves this injunction bond this 22nd day of June, 1954.

Julius J. Hoffman,
Judge.

364 And afterwards on, to wit, the 28th day of June, 1954, came the Defendant by its attorneys and filed in the Clerk's office of said Court its certain Statement of Points On Appeal, And Designation Of Contents Of Record On Appeal, in words and figures following, to wit:

365 IN THE UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

STATEMENT OF POINTS ON APPEAL.

The following errors are asserted by Hardwood Products Corporation, defendant-appellant, as a statement of points on which it intends to rely on said appeal:

1. The court erred in granting plaintiff's motion for a Preliminary Injunction.
2. The court erred in denying defendant's Motion to Dismiss the Complaint for lack of proper venue.
3. The court erred in holding that plaintiff would suffer irreparable damage in the absence of a Preliminary Injunction.
4. The court erred in holding that the plaintiff had shown a clear case, free of reasonable doubt, entitling 366 plaintiff to a Preliminary Injunction.
5. The court erred in holding that the status quo would be disrupted without the granting of a Preliminary Injunction.
6. The court erred in granting the Preliminary Injunction without finding that the comparative inconvenience of plaintiff without the injunction exceeded that of defendant if the injunction were granted.
7. The court erred in holding that plaintiff had granted an implied license to use the name "Riverbank" to defendant, which implied license had impliedly terminated with a reversion of the right impliedly granted.

Gerrit P. Groen,
Attorney for Defendant,
Wilkinson, Huxley, Byron & Hume,
1604 First National Bank Building,
Chicago 3, Illinois.

Dated: June 28, 1954.

Of Counsel:
David A. Fox,
411 East Mason Street,
Milwaukee 2, Wisconsin.

Service of the foregoing Statement Of Points On Appeal and receipt of a copy thereof are hereby acknowledged this 28th day of June, 1954.

Wm. J. Friedman,
Maurice Rosenfield and
Jack H. Oppenheim,
Attorneys for Plaintiff.

6edw

367 IN THE UNITED STATES DISTRICT COURT.
* * (Caption—54-C-300) * *

DEFENDANT'S DESIGNATION OF CONTENTS OF RECORD ON APPEAL.

To The Clerk of the United States District Court
For the Northern District of Illinois,
Eastern Division:

Defendant, Hardwood Products Corporation, hereby designates for inclusion in the record on appeal to the United States Court of Appeals for the Seventh Circuit the following items, numbered 1 through 20, which were designated in the Designation of Record for Preliminary Hearing, filed May 18, 1954, pursuant to Rule 75 (J) F. R. C. P.:

1. Complaint.
2. Summons.
3. Motion of defendant to dismiss for improper venue, for lack of jurisdiction, and for absence of necessary parties, filed March 24, 1954.
4. Affidavit of Charles D. Heidemann and affidavit of Henry J. Young, both filed March 24, 1954.
5. Affidavit of Maulsby Forrest filed May 13, 1954.

368 6. Motion for Temporary Injunction filed May 20, 1954.

7. Affidavit of Maulsby Forrest filed May 20, 1954.
8. Affidavit of Richard Hammerberg filed May 20, 1954, excluding exhibits.
9. Amendment to Complaint.
10. Affidavit of Henry J. Young filed June 3, 1954.
11. Answer.
12. Supplemental affidavit of Maulsby Forrest filed June 9, 1954.
13. Deposition of Henry J. Young filed May 3, 1954.

14. Deposition of Charles D. Heidemann and deposition of Frederick O. Ludlow and exhibits, all filed May 11, 1954.
15. Memorandum Opinion of Judge Hoffman regarding Temporary Injunction, dated June 14, 1954.
16. Order granting Temporary Injunction dated June 18, 1954.
17. Notice of Appeal filed June 18, 1954.
18. Motion in District Court to Stay Temporary Injunction filed June 18, 1954.
19. Order of District Court denying Motion for Stay of Temporary Injunction dated June 18, 1954.
20. Order of District Court dated June 18, 1954 allowing certification for record on appeal of all original depositions including exhibits and original exhibits attached to affidavit of Richard Hammerberg filed May 20, 1954.

369 Supplementing the Designation of Record for Preliminary Hearing, defendant hereby designates for inclusion in the record on appeal the following 6 additional items numbered 21 through 26:

21. Order Denying Defendant's Motion to Dismiss.
22. Order entered June 2, 1954, setting case for trial on January 7, 1955.
23. Order entered June 22, 1954, directing plaintiff to file injunction bond.
24. Statement of points on appeal.
25. Designation of Record for Preliminary Hearing.
26. Defendant's Designation of Contents of Record on Appeal.

Gerrit P. Groen,
Wilkinson, Huxley, Byron & Hume,
1604 First National Bank Building,
Chicago 3, Illinois.

Dated: June 28, 1954.
Of Counsel:
David A. Fox,
411 Mason Street,
Milwaukee 2, Wisconsin.

Service of the foregoing Defendant's Designation of Contents of Record on Appeal and receipt of a copy thereof are hereby acknowledged this 28th day of June, 1954.

William J. Friedman,
Maurice Rosenfield,
Jack H. Oppenheim,
Attorneys for Plaintiff.

370 And afterwards on, to wit, the 8th day of July, 1954, came the Plaintiff by its attorneys and filed in the Clerk's office of said Court its certain Designation Of Additional Portions Of The Record And Proceedings On Appeal in words and figures following, to wit:

371 IN THE UNITED STATES DISTRICT COURT.

* * (Caption—54-C-300) * *

PLAINTIFF'S DESIGNATION OF ADDITIONAL PORTIONS OF THE RECORD AND PROCEEDINGS ON APPEAL.

To the United States District Court for the Northern District of Illinois, Eastern Division:

Plaintiff, Riverbank Laboratories, a corporation, hereby designates for inclusion in the record on appeal to the United States Court of Appeals for the Seventh Circuit the following matters and proceedings, which are in addition to those designated in defendant's designation of record heretofore served and filed on plaintiff on June 28, 1954:

1. Reporter's transcript of the proceedings herein on June 3, 1954. A copy thereof is filed herewith with the Clerk of the court.
2. Order of court entered June 3, 1954.
3. The originals of the depositions of Henry J. Young (filed May 3, 1954) and Charles D. Heidemann and Frederick O. Ludlow (filed May 11, 1954) including the original exhibits attached to said depositions.

372 4. Original exhibits attached to affidavit of Richard Hammerberg filed May 20, 1954.

5. Plaintiff's injunction bond filed June 22, 1954.
6. Plaintiff's designation of additional contents of record on appeal.

William J. Friedman,
Maurice Rosenfield and
Jack H. Oppenheim,
By: Jack H. Oppenheim,
Attorneys for Plaintiff,
208 South La Salle Street,
Chicago 4, Illinois,
Telephone DEarborn 2-5580.

Dated: July 8, 1954.

Service of the foregoing plaintiff's designation of additional contents of record on appeal and receipt of a copy thereof is hereby acknowledged this 8th day of July, 1954.

Gerrit P. Groen,
James P. Hume,
Attorneys for Defendant.

373 United States of America }
Northern District of Illinois } ss.

I, Roy H. Johnson, Clerk of the United States District Court for the Northern District of Illinois, do hereby certify the above and foregoing to be a true and complete transcript of the proceedings had of record made in accordance with the Designation of Record for Preliminary Hearing filed in this Court in the cause entitled: Riverbank Laboratories, a corporation, Plaintiff, *vs.* Hardwood Products Corporation, a corporation, Defendant, No. 54 C 300, as the same appear from the original records and files thereof now remaining among the records of the said Court in my office, except the Original Depositions and Exhibits attached thereto, and the Exhibits attached to the affidavit of Richard Hammerberg, all of which are incorporated herein by direction of this Court.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at Chicago, Illinois, this 18th day of June, 1954.

(Seal)

Roy H. Johnson,
Clerk,
By Gizella Butcher,
Deputy Clerk.

374 United States of America
Northern District of Illinois } ss.

I, Roy H. Johnson, Clerk of the United States District Court for the Northern District of Illinois, do hereby certify the above and foregoing to be a true and complete Supplemental Transcript of the Proceedings had of record made in accordance with the Defendant's Supplemental Designation and the Plaintiff's Designation of Additional Portions of the Record, filed in this Court in the cause entitled: Riverbank Laboratories, a corporation, Plaintiff, *vs.* Hardwood Products Corporation, a corporation, Defendant, No. 54 C 300, as the same appear from the original records and files thereof now remaining among the records of the said Court in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at Chicago, Illinois, this 20th day of July, 1954.

Roy H. Johnson,
Clerk.

(Seal)

By Gizella Butcher,
Deputy Clerk.

[fol. 211] IN THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT, OCTOBER TERM, 1954, JANUARY SESSION, 1955

No. 11213

RIVERBANK LABORATORIES, a corporation, Plaintiff-Appellee

v.

HARDWOOD PRODUCTS CORPORATION, a corporation, Defendant-Appellant

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

OPINION—March 18, 1955

Before DUFFY, *Chief Judge* and FINNEGAN and SCHNACKENBERG, *Circuit Judges.*

DUFFY, *Chief Judge.* In this action plaintiff seeks an injunction restraining defendant from using the word "Riverbank." At the oral argument before this Court, plaintiff's counsel designated the action as one for unfair competition although such terminology does not appear anywhere in the complaint. Jurisdiction is based upon diversity of citizenship. Defendant moved to dismiss the action because of lack of proper venue; plaintiff moved for a temporary injunction. The District Court denied the motion to dismiss but granted the motion for a temporary injunction. Defendant appeals from the interlocutory order granting the temporary injunction.

The order denying the motion to dismiss the action because of improper venue is interlocutory and would not be appealable if considered alone. *Bowles* v. *Culhane,* 7 Cir., 151 F. 2d 504, 505. However, this court has jurisdiction of the appeal from the preliminary injunction, Title 28 U. S. C. § 1292. In reviewing the issues raised on that appeal we may inquire both as to the jurisdiction of the [fol. 212] District Court and the adequacy of the complaint, for no preliminary injunction may stand if the complaint itself cannot stand. *Deckert, et al.* v. *Independence Shares Corporation, et al.,* 311 U. S. 282; *Pang-Tsu Mow, et al.* v. *Republic of China* (D. C. Cir.), 201 F. 2d 195, 198; *Amer-*

ican Chemical Paint Co. v. *Dow Chemical Co.*, 6 Cir., 161 F. 2d 956, 958; *In re Chicago Rapid Transit Co.*, 7th Cir., 200 F. 2d 341, 343.

Defendant's motion to dismiss because of improper venue was based upon its claim that it is a Wisconsin corporation not licensed to do business in Illinois, and that it did no business in Illinois other than the solicitation of interstate business. Defendant relies principally upon the decision of this Court in *Canvas Fabricators, Inc.* v. *William E. Hooper & Sons Co.*, 199 F. 2d 485. We approved and followed the *Canvas Fabricators* case in *Phyllis Roberts etc.* v. *Evans Case Co.*, — F. 2d —, decided February 2, 1955.

The relevant facts on the question of venue are as follows: Defendant, a Wisconsin corporation, has its main office and principal place of business at Neenah, Wisconsin, and is not licensed to do business in Illinois, and has not authorized any agent to accept service of process there. For many years defendant has maintained an office in Chicago which, it claims, is merely a sales office. Charles D. Heidemann has been in charge of the Chicago office for many years and service of process in this suit was made upon him. At least the principal part of his duties was soliciting orders for goods manufactured by defendant in Wisconsin. Such orders were transmitted to Neenah, Wisconsin, for acceptance or rejection. Defendant's corporate name was painted on the door of its Chicago office, and its name also appeared in the directory in the lobby of the building. Its name was listed in the Chicago directory. Defendant did not maintain a stock of goods in Illinois, nor did it have a bank account in that state.

Many of the facts in the case at bar, bearing on the question of venue, are similar to the facts in *Canvas Fabricators, Inc.* v. *William E. Hooper & Sons Co.*, *supra*, hereinafter referred to as *Canvas Fabricators*, and *Phyllis Roberts, etc.* v. *Evans Case Co.*, *supra*, hereinafter called *Roberts*. In each of these cases the defendant was a nonresident corporation which had maintained an office in Chicago for many years. In each case defendant's name [fol. 213] appeared upon the office door and was listed in the Chicago directory. In those cases, as in the case at bar, no contracts were entered into in Illinois, but all orders were sent to the home office of defendant for acceptance or

rejection. In *Canvas Fabricators*, as in the case at bar, the defendant's sales representative used stationery bearing the Company's name and the address of the Chicago office. In *Roberts* the Chicago office had been maintained for twenty years in charge of the same agent whose territory covered Illinois and four nearby states. In *Canvas Fabricators* we said, p. 487: "It is true that in the instant case defendant maintained rather elaborate facilities in connection with its activity in Illinois, but, after all, the instrumentalities provided were only in aid of its objective, that is, the solicitation of business within the State, * * *."

Additional factors in those cases not present in the case at bar might be noted. In *Canvas Fabricators* the defendant maintained a bank account in Chicago in which two of plaintiff's checks, given in payment of merchandise, had been deposited. In *Roberts*, defendant had filed a personal property schedule with the Assessor of Cook County, Illinois "for merchandise, goods on hand, and in process," amounting to $1,131 in 1952 and $885 in 1953. However, this Court considered this item to cover only samples and catalogues.

In *Canvas Fabricators* and in *Roberts* we pointed out that in diversity cases the law of Illinois must control and that decisions by the Illinois Supreme Court such as *G. W. Bull & Co.* v. *Boston & Maine R. R. Co.*, 344 Ill. 11, 175 N. E. 837, and *Booz* v. *Texas & Pacific Ry. Co.*, 250 Ill. 376, 95 N. E. 460, establish the rule that a defendant is not subject to process in Illinois if it was not engaged in business in that state in any way other than the solicitation of orders to be accepted or rejected elsewhere.

Plaintiff insists, however, that in the case at bar there are additional facts which demonstrate that defendant was doing business in Illinois. Plaintiff says that by reason of its contract with defendant, royalty payments were paid to plaintiff as licensor in Illinois in the sum of $3,000, a month, and that merchandise shipped into Illinois exceeded $100,000 annually. However, we think it makes no difference under Illinois law whether the amount of business resulting from orders taken in Illinois and accepted outside that state were small or large in amount.

[fol. 214] Plaintiff points out as important factors that defendant's business in sound insulating doors centered

in and about Chicago; that an important part of Mr. Heidemann's duties was to consult with architectural and engineering firms in Chicago as to the technical requirements of particular jobs specifying sound insulating doors; that he would dictate letters from the Chicago office to architects and engineers, embodying his ideas and suggestions as to the manner of installing doors manufactured by defendant; at times he developed his suggestions into drawings which he had blue-printed in Chicago; also he, occasionally, investigated complaints about doors in the Chicago area and made suggestions for remedying any faulty condition discovered.

It seems self-evident that the solicitation of orders for cigarette lighters or other small commercial products would entail an entirely different technique than endeavoring to obtain orders for a large or complicated product such as a sound insulating door which is usually installed in factories or other large establishments. Conferences with engineers and architects for the purpose of having them include sound insulating doors in the plans and specifications, should properly be listed as a part of a salesman's activities. Surely, it would avail a salesman of sound insulating doors little were he to wait until construction of a project was commenced. He might then very well discover that there was no place to hang his type of door.

Plaintiff also urges that defendant was doing business in Illinois because the partnership of which plaintiff was a member had contracted with defendant to supply a minor part of the door known as "bottom closers," which cost about $3.60 each. Plaintiff's partnership sub-contracted this item and the closers were, in fact, manufactured in Illinois. Usually and customarily the closers were shipped in stock lots to the defendant at Neenah, Wisconsin, but upon occasion, instructions were issued by the defendant, to ship the closers direct to a customer. The cost of closers was billed monthly to defendant at Neenah, Wisconsin, for all closers shipped in that month. We do not think that the carrying out of the contract for the manufacture of bottom closers resulted in the defendant doing business in Illinois.

Nor do we think the fact that Mr. Heidemann, on occasions, investigated complaints would cause the defendant

[fol. 215] to be doing business in Illinois. In such instances he merely reported his findings to the home office. He made no repairs, nor did he replace merchandise or refund money. He had no authority to adjust any complaint.

Applying the law of Illinois as interpreted by this Court in the *Canvas Fabricators* and *Roberts* cases we hold that the defendant was not doing business in Illinois and, therefore, was not present in that State when this action was commenced. It follows that the District Court erred in denying defendant's motion to dismiss for lack of proper venue.

Reversed.

[fol. 216] In United States Court of Appeals for the Seventh Circuit

No. 11213

Riverbank Laboratories, a Corporation, Plaintiff-Appellee,

vs.

Hardwood Products Corporation, a Corporation, Defendant-Appellant

Judgment—March 18, 1955

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Illinois, Eastern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, Reversed, with costs.

[fol. 217] In United States Court of Appeals

[Title omitted]

Order Denying Petition for Rehearing—April 12, 1955

It is ordered by the Court that the petition for a rehearing of this cause be, and the same is hereby, Denied.

[fol. 218] Clerk's Certificate to foregoing transcript omitted in printing.

[fol. 219] Supreme Court of the United States, October Term, 1955

No. 66

[Title omitted]

Order Allowing Certiorari—Filed October 10, 1955

The petition herein for a writ of certiorari to the United States Court of Appeals for the Seventh Circuit is granted, and the case is transfered to the summary calendar.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

Office - Supreme Court, U. S.
FILED
MAY 11 1955
HAROLD B. WILLEY, Clerk

IN THE

Supreme Court of the United States

OCTOBER TERM, 1954.

No. [redacted] 66

RIVERBANK LABORATORIES, A CORPORATION,
Petitioner,

vs.

HARDWOOD PRODUCTS CORPORATION,
A CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

JACK H. OPPENHEIM,
Counsel for Petitioner,
208 South LaSalle Street,
Chicago 4, Illinois.

PHILIP B. KURLAND,
MAURICE ROSENFIELD,
Of Counsel.

THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1954.

No. .....

RIVERBANK LABORATORIES, A CORPORATION,
Petitioner,

vs.

HARDWOOD PRODUCTS CORPORATION,
A CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit, entered in the above-entitled case on March 18, 1955.

CITATION TO OPINION BELOW.

The opinion of the Court of Appeals printed in Appendix A hereto, *infra*, p. 13, is reported in 220 F. 2d 465.

JURISDICTION.

The judgment of the Court of Appeals was entered on March 18, 1955. R. 216; p. 19, *infra*. Rehearing was denied on April 12, 1955. R. 217. The jurisdiction of this Court is invoked under 28 U. S. C., Section 1254 (1).

QUESTIONS PRESENTED.

1. In a diversity case, is a foreign corporation's defense of "not doing business" to be tested by the new due process principles of *International Shoe Co.* v. *Washington*, 326 U. S. 310, 66 S. Ct. 154, 90 L. Ed. 95 (1945) and related cases[1], or is it governed under the *Erie* rule by state court decisions on procedural due process antedating the new principles?

2. Was not the Court of Appeals clearly in error, even under the *Erie* rule, in failing to apply the settled Illinois doctrine that a foreign corporation committing a tort in Illinois against an Illinois citizen may be sued there?

STATEMENT.

Plaintiff is an Illinois not-for-profit corporation of international scientific repute and standing in the physical sciences, specializing in the field of acoustics. (R. 141.) Incident to its research activities, it developed a unique sound insulating door for which it obtained a patent. (R. 143.) The defendant, a Wisconsin corporation not licensed to do business in Illinois, in 1936 was licensed to produce doors covered by the patent and sold them under the name Riverbank Sound Insulating Door. (R. 144.) After expiration of the patent and termination of the license, the defendant, without authorization from the plaintiff, continued to exploit plaintiff's name, "Riverbank," in marketing the doors (R. 145-146); and from its Acoustical Department, which was located in Chicago, Illinois (R. 149) continued to solicit sales in Chicago and elsewhere of Riverbank Sound Insulating Doors by means of trade circulars emphasizing the reputation of plaintiff, Riverbank Laboratories. (R.

1. *Travelers Health Ass'n.* v. *Virginia*, 339 U. S. 643, 70 S. Ct. 927, 94 L. Ed. 1154 (1950); *Perkins* v. *Benguet Consolidated Mining Co.*, 342 U. S. 437, 72 S. Ct. 413, 96 L. Ed. 485 (1952).

147-150.) Plaintiff instituted suit on February 25, 1954 in the District Court for the Northern District of Illinois, Eastern Division, [at Chicago] to enjoin defendant from the unauthorized use of plaintiff's name. (R. 3, 157.) Process was served at defendant's Chicago office upon its Chicago manager, a resident of Chicago who had held that position for nearly thirty years. (R. 16, 78.) On March 24, 1954 defendant moved to dismiss on the ground that it was not "doing business" in Illinois. (R. 15.) Supporting and opposing affidavits were filed (R. 16, 18, 136) and depositions were taken at the instance of plaintiff (R. 20-135), from which it appeared that:

(a) Defendant was actively engaged—despite the termination of its right to use plaintiff's name "Riverbank"—in trading upon that name in the solicitation by its *Chicago* office (designated by defendant as its Acoustical Department) of door sales to customers in *Chicago* and elsewhere. (R. 145-150.)

(b) Defendant had maintained a Chicago office for more than thirty years (R. 77), paying the rent therefor and bearing all expense (R. 84-86); its name was painted on the office door, appeared on the directory in the lobby of the building, and was listed in the Chicago telephone directory. (R. 16.)

(c) Its Wisconsin home office letterhead contained the legend "Chicago office, 75 East Wacker Drive" (R. 139); its trade circulars listed its principal office as Neenah, Wisconsin, and its "Acoustical Department" at Chicago, Illinois. (R. 149.)

(d) It shipped merchandise from Wisconsin into Illinois continuously over a long period of years in amounts exceeding $100,000 annually (R. 83); since 1936 it had made royalty payments to its licensor in the State of Illinois averaging over $3,000 per month. (R. 30, 137.)

(e) It had written agreements with Illinois corporations providing for encasing of its sound insulating door units into fireproof doors which were manufactured in Illinois. (R. 31-34, 138-139.)

(f) It contracted with an Illinois partnership for the manufacture in the State of Illinois continuously since 1936 of threshold closers for use in connection with defendant's insulating doors, and issued written instructions for shipment of the closers from Illinois to defendant's consignees in other states; it paid for the closers by delivering its checks therefor each month to its contractor in Illinois. (R. 26, 137-138.)

(g) An important part of the duties of defendant's Chicago manager was to make drawings and sketches, to consult with architectural and engineering firms, to prepare a manual for use in the trade, to carry on correspondence and to investigate complaints, all related to the installation and servicing of defendant's doors in Chicago, Illinois (R. 30, 65, 70-71, 90-91); and the Chicago manager had also had jurisdiction of sales agents in a large territory outside of the State of Illinois. (R. 29.)

On consideration of the foregoing facts, the District Judge on June 3, 1954 overruled the motion to dismiss and proceeded to consider the merits of plaintiff's application for a preliminary injunction. A preliminary injunction was entered on June 18, 1954 restraining the defendant from using the name "Riverbank". (R. 192.) An interlocutory appeal was taken by defendant on June 18, 1954 to the Court of Appeals for the Seventh Circuit. (R. 197.) The Court of Appeals did not adjudicate the case on the merits but reversed the District Court on the ground that the venue (*sic*) was improper because the defendant was a foreign corporation "not doing business in Illinois". (Appendix A hereto, *infra*, p. 18.) In arriving at this result, the Court of Appeals did not apply the new due process principles enunciated in the *International Shoe* and subsequent cases, but instead held that the "not doing business" defense must be tested by Illinois decisions, stating:

"In *Canvas Fabricators* and in *Roberts* we pointed out that in diversity cases the law of Illinois must

control and that decisions by the Illinois Supreme Court such as *G. W. Bull & Co.* v. *Boston & Maine R. R. Co.*, 344 Ill. 11, 175 N. E. 837, and *Booz* v. *Texas & Pacific Ry. Co.*, 250 Ill. 376, 95 N. E. 460, establish the rule that a defendant is not subject to process in Illinois if it was not engaged in business in that state in any way other than the solicitation of orders to be accepted or rejected elsewhere."

(Appendix A, *infra*, p. 16.)

REASONS FOR GRANTING THE WRIT.

1. The series of cases commencing with the *International Shoe* decision in which this Court adopted a wholly new approach to the "doing business" rule all involved appeals from state Supreme Courts.[2] This Court has yet to decide whether the same new principles apply intact in a diversity case commenced in the District Court. This question appears to have been expressly left open in *Polizzi* v. *Cowles Magazine, Inc.*, 345 U. S. 663, 73 S. Ct. 900, 97 L. Ed. 1331 (1953). In that case, two Justices took no part in the consideration or decision. Of the other seven members of the Court, a majority of four held that the courts below had improperly analyzed the question under the venue statute held to be inapplicable. The majority so holding, therefore, refrained from touching the "doing business" question within the meaning of the due process requirements of *International Shoe* and related cases. Three Justices, concurring in part and dissenting in part, thought this Court should have decided the "doing business" ques-

2. In addition to the *International Shoe, Travelers Health* and *Perkins* cases coming up from the states, another case in recent years involved the "doing business" concept as used in Section 12 of the Clayton Act. *U. S.* v. *Scophony*, 333 U. S. 795, 68 S. Ct. 855, 92 L. Ed. 1091 (1948). The court there differentiated between the constitutional and statutory aspects of the "doing business" concept. See 333 U. S. 795 at 804-6 (Note 13), 68 S. Ct. 855 at 860, 92 L. Ed. 1091 at 1099.

tion on the basis of the new principles. Those Justices left no doubt that in their opinion the new principles were applicable in the diversity case there involved. One of their opinions emphasized that enactment of Section 1404(a) of the Judicial Code, conferring discretion on District Judges to transfer civil actions from one district to another in the interests of justice, bore heavily on the present status of the "doing business" rule in diversity cases. Disposition of the "doing business" cases under 1404(a)[3], as suggested in that concurring opinion, would put natural persons and corporations in the same position. Natural persons have always been suable wherever tagged[4] by the marshall or sheriff; regardless of distance or inconvenience no constitutional question arises. The "doing business" rule is a rare example—perhaps the only one known—of a constitutional privilege developed solely for foreign corporations not equally applicable to natural persons. As pointed out in one of the concurring opinions in the *Polizzi* case, the origins of the whole "doing business" doctrine rest in conceptual difficulties, once thought formidable, to the recognition of any legal existence of a corporation outside the

3. The difference between disposition under 1404(a) on the one hand or under the "doing business" rule on the other is substantial. Transfer under 1404(a) does not reopen the statute of limitations against the plaintiff. Transfer is discretionary and may not be reviewable, *cf. Norwood* v. *Kirkpatrick*, No. 337, decided April 11, 1955, 99 L. Ed. 461. In any event, the point would not appear to survive disposition of the case below on the merits.

4. It is interesting to reflect on the fact that the tagging mechanism for initiating legal proceedings seems historically to have preceded the development of a sound and reliable postal system. The waste in communicating the initiation of legal proceedings through the tagging technique is appalling. The postal registry system was not inaugurated until 1872. R.S. Sec. 3926 (Act June 8, 1872, c. 335, § 126, 129, 17 Stat. 300); 39 U. S. C. Sec. 381. For a review of colonial history of the postal system, see *U. S.* v. *Kockersperger*, 26 Fed. Case No. 15,541 at 803 (E. D. Pa. 1860).

territorial boundaries of the state which created it.[5] See Henderson, *The Position of Foreign Corporations in American Constitutional Law* (1918).

2. Meanwhile, great confusion amounting to a conflict exists in the various circuits on the issue of whether the "doing business" defense is tested by *International Shoe* principles or state law in diversity cases. The question is an important one because of the great number of diversity cases involving corporate defendants and the delays, expense, waste and traps incident to the trial of "doing business" questions and the survival of such a point after decision of the case on the merits. Only a decision of this Court can settle the matter. The prevailing view in the Circuits is in accord with that currently[6] taken in the Seventh to the effect that the question in diversity cases is governed by state law under *Erie* v. *Tompkins*. See *Canvas Fabricators, Inc.* v. *William E. Hooper & Sons Co.*, 199 F. 2d 485 (C. A. 7th, 1952); *Bomze* v. *Nardis Sportswear, Inc.*, 165 F. 2d 33 (C. A. 2nd, 1948); *Pulson* v. *American Rolling Mill Co.*, 170 F. 2d 193 (C. A. 1st, 1948); *Rosenthal* v. *Frankfort Distillers Corp.*, 193 F. 2d 137 (C. A. 5th, 1951). The Sixth Circuit, on the other hand, has treated the new principles of the *International Shoe* case as applicable without reference

5. Another point sometimes is made. If the plaintiff effects service on some obscure employee of a foreign corporation who lacks the intelligence, discretion or will to report the episode to superiors through internal channels of communication, the defendant may, through ignorance, default and, if so, it will have been denied a day in court and due process of law. To create a due process problem in this fashion means that a corporate defendant not ignorant of the suit but, on the other hand, fully informed about it—here even defending and losing the case on the merits—is permitted to come into court through selected counsel holding extensive affidavits in order to plead a purely hypothetical case.

6. In an earlier case, the Seventh Circuit (Evans, Major and Minton, JJ. sitting) tested the defense only by *International Shoe* standards. *Clover Leaf Lines* v. *Pacific Coast Wholesalers Ass'n.*, 166 F. 2d 626 at 630-631 (1948).

to state law. *Scholnik* v. *National Airlines, Inc.*, 219 F. 2d 115 at 118-19 (C. A. 6th, 1955). A petition for a writ of certiorari in that case was filed on April 29, 1955 as No. 758. In that case, the Court of Appeals for the Sixth Circuit relied upon two of its earlier decisions to the same effect, as well as a decision of the Court of Appeals for the District of Columbia, which clearly did not involve Ohio state law. The Court of Appeals for the Ninth Circuit appears also to have treated the *International Shoe* principles as applicable in diversity cases. See *Woodworkers Tool Works* v. *Byrne*, 191 F. 2d 657 (C. A. 9th, 1951). The judges of the Court of Appeals for the Third Circuit have split among themselves on this issue. See *Partin* v. *Michaels Art Bronze Co., Inc.*, 202 F. 2d 541 at 544-45 (C. A. 3rd, 1953).

The prevailing view of the Circuits in treating the question as governed by *Erie* v. *Tompkins* has serious defects. The "state law" so referred to is nothing but federal constitutional law. For example, the two state court decisions relied upon by the Court of Appeals for the Seventh Circuit in this and its companion decisions on this point are predicated exclusively on now antiquated procedural due process grounds under the federal constitution and involve interpretation and application of Supreme Court decisions antedating *International Shoe* and related cases. See *Bull* v. *Boston & Maine R. R.*, 344 Ill. 11 at 22, 175 N. E. 837 at 841 (1931) and *Booz* v. *Texas & Pacific Ry. Co.*, 250 Ill. 376 at 381, 95 N. E. 460 at 461 (1911). Apart from due process considerations under the federal constitution, there are no independent state law reasons or grounds for the "doing business" rule. The state civil practice code says nothing whatever about "doing business" as a test of jurisdiction over foreign corporations. 1953 Illinois Revised Statutes, Ch. 110, Sec. 141. The use of state law thus produces a kind of stunted renvoi. In

any event, since what is involved is federal constitutional law in the field of procedural due process, as to which the Supreme Court of the United States and not the Supreme Court of any state is the final arbiter, the *Erie* rule should have no application. *cf. State Tax Commission* v. *Van Cott*, 306 U. S. 511, 59 S. Ct. 605, 83 L. Ed. 950 (1939) and *Red Cross Line* v. *Atlantic Fruit Co.*, 264 U. S. 109 at 120, 44 S. Ct. 274 at 276, 68 L. Ed. 582 at 585 (1924). Moore states the rule as follows:

> "Whether a foreign corporation or other business entity is doing business in the state is a matter of general not local law." Moore's Federal Practice, Sec. 4.25 (2d Ed., 1948).

It should be noted too that the evaluation of old state decisions in a field of law undergoing active current consideration ought not to admit of the mechanical answers given by the court below. *cf.* Wyzanski, *The Trial Judge's Freedom and Responsibility*, 65 Harv. L. Rev. 1281 at 1299-1301 (1952).

Finally, as the concurring opinion in the *Polizzi* case suggests, the "doing business" rule as applied in the federal courts resembles or parallels Section 1404(a) of the Judicial Code in that it regulates, not the flow of cases as between state and federal courts or the volume of diversity business in the federal courts, but only the allocation of a given volume of diversity business as between different districts within the federal court system. So viewed, there is no more reason for using the criteria or standards of the state courts here than as to venue *per se* or as to other procedural techniques designed for the expeditious administration of business within the federal court system. If the test of the *Erie* rule's applicability under *Guaranty Trust Co.* v. *York*, 326 U. S. 99 at 109, 65 S. Ct. 1464 at 1470, 89 L. Ed. 2079 at 2086 (1945), is whether disregard of state law would "significantly affect the result of a litigation," it should be noted that

the "doing business" rule touches the place of trial within the federal court system, not the ultimate result. On an analogous question of whether the *Erie* rule applied to state decisions on *forum non conveniens*, it was held that it did not. *Gilbert* v. *Gulf Oil Corporation*, 153 F. 2d 883 (C. A. 2nd, 1946). This question was left open by the Supreme Court. *Williams* v. *Green Bay & W. R. Co.*, 326 U. S. 549 at 558-9, 66 S. Ct. 284 at 289, 90 L. Ed. 311 at 317 (1946); *Gulf Oil Corporation* v. *Gilbert*, 330 U. S. 501 at 509, 67 S. Ct. 839 at 843, 91 L. Ed. 1050 at 1063 (1947). It was ultimately resolved, of course, by Section 1404(a). See generally Braucher, *The Inconvenient Federal Forum*, 60 Harv. L. Rev. 908 at 927-30 (1947). In this connection, it should be noted that the Court of Appeals for the Sixth Circuit in the *Scholnik* case seemed to view 1404(a) as the appropriate remedy where a defendant's claim has merit; 219 F. 2d 115 at 120.

If 1404(a) and the "doing business" rule are both viewed as techniques for the administration of judicial business within the federal court system, the practical consequences of the decision below should be noted. This case was heard on the merits by the District Judge at Chicago and was before the Court of Appeals for review on the merits. It was fully briefed and argued on the merits. The Court of Appeals decision means that the case must be retried by another federal District Court in Wisconsin which is within the same circuit so that it eventually can return to the same Court of Appeals for review on the merits. The parties have thereby been subjected to unnecessary delay and expense and the federal court system to unnecessary burdens.

3. In any event, the Court of Appeals below patently misapplied the law of Illinois. It didn't mention or face up at all to the point that this suit charges and the District Judge actually enjoined a tort committed in the State of

Illinois—the unlawful exploitation of plaintiff's name there. The activities which were the subject matter of the injunction actually issued were not only going on in Illinois, but were actually centered in and emanated from Illinois where the Acoustical Department of the defendant's business is headquartered. It has always been the law of Illinois that its citizens will not be sent "to a foreign jurisdiction in quest of redress for injuries committed here." *Edwards* v. *Schillinger*, 245 Ill. 231 at 238, 91 N. E. 1048 at 1050 (1910); *Pergl* v. *U. S. Axle Co.*, 320 Ill. App. 115, 50 N. E. 2d 115 (1943). Even the pre-*International Shoe* due process rule never prevented this result in Illinois or anywhere. Presence, said the Court in the *International Shoe* case, "has never been doubted when the activities of the corporation there have not only been continuous and systematic, but also give rise to the liabilities sued on * * *" 326 U. S. 310 at 317, 90 L. Ed. 95 at 102.

Conclusion.

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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Dated May 10, 1955.

APPENDIX A.

OPINION OF THE COURT BELOW.

IN THE UNITED STATES COURT OF APPEALS
For the Seventh Circuit.

No. 11213. OCTOBER TERM, 1954, JANUARY SESSION, 1955.

RIVERBANK LABORATORIES, a corporation,
Plaintiff-Appellee,
vs.
HARDWOOD PRODUCTS CORPORATION, a corporation,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

March 18, 1955.

Before DUFFY, *Chief Judge* and FINNEGAN and SCHNACKENBERG, *Circuit Judges.*

DUFFY, *Chief Judge.* In this action plaintiff seeks an injunction restraining defendant from using the word "Riverbank". At the oral argument before this Court, plaintiff's counsel designated the action as one for unfair competition although such terminology does not appear anywhere in the complaint. Jurisdiction is based upon diversity of citizenship. Defendant moved to dismiss the action because of lack of proper venue; plaintiff moved for a temporary injunction. The District Court denied the motion to dismiss but granted the motion for a temporary

injunction. Defendant appeals from the interlocutory order granting the temporary injunction.

The order denying the motion to dismiss the action because of improper venue is interlocutory and would not be appealable if considered alone. *Bowles* v. *Culhane,* 7 Cir., 151 F. 2d 504, 505. However, this court has jurisdiction of the appeal from the preliminary injunction, Title 28 U. S. C. § 1292. In reviewing the issues raised on that appeal we may inquire both as to the jurisdiction of the District Court and the adequacy of the complaint, for no preliminary injunction may stand if the complaint itself cannot stand. *Deckert, et al.* v. *Independence Shares Corporation, et al.,* 311 U. S. 282; *Pang-Tsu Mow, et al.* v. *Republic of China* (D. C. Cir.), 201 F. 2d 195, 198; *American Chemical Paint Co.* v. *Dow Chemical Co.,* 6 Cir., 161 F. 2d 956, 958; *In re Chicago Rapid Transit Co.,* 7th Cir., 200 F. 2d 341, 343.

Defendant's motion to dismiss because of improper venue was based upon its claim that it is a Wisconsin corporation not licensed to do business in Illinois, and that it did no business in Illinois other than the solicitation of interstate business. Defendant relies principally upon the decision of this Court in *Canvas Fabricators, Inc.* v. *William E. Hooper & Sons Co.,* 199 F. 2d 485. We approved and followed the *Canvas Fabricators* case in *Phyllis Roberts etc.* v. *Evans Case Co.,* 218 F. 2d 893, decided February 2, 1955.

The relevant facts on the question of venue are as follows: Defendant, a Wisconsin corporation, has its main office and principal place of business at Neenah, Wisconsin, and is not licensed to do business in Illinois, and has not authorized any agent to accept service of process there. For many years defendant has maintained an office in Chicago which, it claims, is merely a sales office. Charles D. Heidemann has been in charge of the Chicago office for

many years and service of process in this suit was made upon him. At least the principal part of his duties was soliciting orders for goods manufactured by defendant in Wisconsin. Such orders were transmitted to Neenah, Wisconsin, for acceptance or rejection. Defendant's corporate name was painted on the door of its Chicago office, and its name also appeared in the directory in the lobby of the building. Its name was listed in the Chicago directory. Defendant did not maintain a stock of goods in Illinois, nor did it have a bank account in that state.

Many of the facts in the case at bar, bearing on the question of venue, are similar to the facts in *Canvas Fabricators, Inc.* v. *William E. Hooper & Sons Co., supra,* hereinafter referred to as *Canvas Fabricators,* and *Phyllis Roberts, etc.* v. *Evans Case Co., supra,* hereinafter called *Roberts.* In each of these cases the defendant was a nonresident corporation which had maintained an office in Chicago for many years. In each case defendant's name appeared upon the office door and was listed in the Chicago directory. In those cases, as in the case at bar, no contracts were entered into in Illinois, but all orders were sent to the home office of defendant for acceptance or rejection. In *Canvas Fabricators,* as in the case at bar, the defendant's sales representative used stationery bearing the Company's name and the address of the Chicago office. In *Roberts* the Chicago office had been maintained for twenty years in charge of the same agent whose territory covered Illinois and four nearby states. In *Canvas Fabricators* we said, p. 487: "It is true that in the instant case defendant maintained rather eleborate facilities in connection with its activity in Illinois, but, after all, the instrumentalities provided were only in aid of its objective, that is, the solicitation of business within the State, * * *."

Additional factors in those cases not present in the case at bar might be noted. In *Canvas Fabricators* the defend-

ant maintained a bank account in Chicago in which two of plaintiff's checks, given in payment of merchandise, had been deposited. In *Roberts*, defendant had filed a personal property schedule with the Assessor of Cook County, Illinois "for merchandise, goods on hand and in process", amounting to $1,131 in 1952 and $885 in 1953. However, this Court considered this item to cover only samples and catalogues.

In *Canvas Fabricators* and in *Roberts* we pointed out that in diversity cases the law of Illinois must control and that decisions by the Illinois Supreme Court such as *G. W. Bull & Co.* v. *Boston & Maine R. R. Co.*, 344 Ill. 11, 175 N. E. 837, and *Booz* v. *Texas & Pacific Ry. Co.*, 250 Ill. 376, 95 N. E. 460, establish the rule that a defendant is not subject to process in Illinois if it was not engaged in business in that state in any way other than the solicitation of orders to be accepted or rejected elsewhere.

Plaintiff insists, however, that in the case at bar there are additional facts which demonstrate that defendant was doing business in Illinois. Plaintiff says that by reason of its contract with defendant, royalty payments were paid to plaintiff as licensor in Illinois in the sum of $3,000 a month, and that merchandise shipped into Illinois exceeded $100,000 annually. However, we think it makes no difference under Illinois law whether the amount of business resulting from orders taken in Illinois and accepted outside that state were small or large in amount.

Plaintiff points out as important factors that defendant's business in sound insulating doors centered in and about Chicago; that an important part of Mr. Heidemann's duties was to consult with architectural and engineering firms in Chicago as to the technical requirements of particular jobs specifying sound insulating doors; that he would dictate letters from the Chicago office to archi-

tects and engineers, embodying his ideas and suggestions as to the manner of installing doors manufactured by defendant; at times he developed his suggestions into drawings which he had blue-printed in Chicago; also he, occasionally, investigated complaints about doors in the Chicago area and made suggestions for remedying any faulty condition discovered.

It seems self-evident that the solicitation of orders for cigarette lighters or other small commercial products would entail an entirely different technique than endeavoring to obtain orders for a large or complicated product such as a sound insulating door which is usually installed in factories or other large establishments. Conferences with engineers and architects for the purpose of having them include sound insulating doors in the plans and specifications, should properly be listed as a part of a salesman's activities. Surely, it would avail a salesman of sound insulating doors little were he to wait until construction of a project was commenced. He might then very well discover that there was no place to hang his type of door.

Plaintiff also urges that defendant was doing business in Illinois because the partnership of which plaintiff was a member had contracted with defendant to supply a minor part of the door known as "bottom closers", which cost about $3.60 each. Plaintiff's partnership sub-contracted this item and the closers were, in fact, manufactured in Illinois. Usually and customarily the closers were shipped in stock lots to the defendant at Neenah, Wisconsin, but upon occasion, instructions were issued by the defendant, to ship the closers direct to a customer. The cost of closers was billed monthly to defendant at Neenah, Wisconsin, for all closers shipped in that month. We do not think that the carrying out of the contract for the manufacture of bottom closers resulted in the defendant doing business in Illinois.

Nor do we think the fact that Mr. Heidemann, on occasions, investigated complaints would cause the defendant to be doing business in Illinois. In such instances he merely reported his findings to the home office. He made no repairs, nor did he replace merchandise or refund money. He had no authority to adjust any complaint.

Applying the law of Illinois as interpreted by this Court in the *Canvas Fabricators* and *Roberts* cases we hold that the defendant was not doing business in Illinois and, therefore, was not present in that State when this action was commenced. It follows that the District Court erred in denying defendant's motion to dimiss for lack of proper venue.

REVERSED.

APPENDIX B.

JUDGMENT OF COURT OF APPEALS.

Entered March 18, 1955.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

This cause came on to be heard on the transcript of record from the United States District Court for the Northern District of Illinois, Eastern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this Court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, REVERSED, with costs.

JUN 1 0 19
HAROLD B. WILLEY

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1954.

No. 783 66

RIVERBANK LABORATORIES, A Corporation,
Petitioner,

vs.

HARDWOOD PRODUCTS CORPORATION,
A Corporation,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

BRIEF FOR RESPONDENT IN OPPOSITION

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STATUTE

Title 28 U.S.C. § 1391(c) 2

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1954.

No. 782.

RIVERBANK LABORATORIES, A Corporation,
Petitioner,

vs.

HARDWOOD PRODUCTS CORPORATION,
A Corporation,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

BRIEF FOR RESPONDENT IN OPPOSITION

QUESTIONS PRESENTED

1. Petitioner's first question (points 1 and 2 of Petitioner's reasons) does not involve constitutional principles of due process, governed by *International Shoe Co. v. Washington,* 326 U.S. 310; 66 S. Ct. 154; 90 L. Ed. 95 (1945), as petitioner seeks to make it appear. Instead it involves the question of the proper application of the language of 28 U.S.C. § 1391(c).

2. Petitioner's second question (point 3 of petitioner's reasons), rather than involving Illinois doctrine, in-

volves a mere factual contention which was offered to and rejected by the lower court.

STATUTE

The applicable statute, omitted from the petition, and controlling in diversity cases involving a corporate defendant, is:

Title 28 U.S.C., § 1391(c). A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.

STATEMENT

Because petitioner may have created an unwarranted impression by stating that "This case was heard on the merits", was reviewed "on the merits", and was "fully briefed and argued on the merits", and that the Court of Appeals' decision means that the case "must be retried by another Federal District Court", (Petition p. 10) it is necessary for respondent to extend and correct the statement as presented by petitioner. This case has not been tried (R. 192).

Commencing at a date even prior to the issue of "the patent", defendant began manufacturing and paying royalty upon the "unique sound insulating door" of the patent. Petitioner remained the exclusive licensee or the only one licensed to make the doors of the patent throughout the life of the patent up to the date of its expiration (R. 7). Throughout all of this period, the doors were admittedly sold in the trade as Riverbank sound insulating doors to indicate that they were the doors covered by the licensed patent.

Before the license terminated, respondent informed petitioner that the doctrine of *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169; 16 S. Ct. 1002; 41 L. Ed. 118 (1896) would apply upon expiration of the patent. It was respondent's position that the public, including respondent, would then acquire the right to continue to designate the "unique" doors of the patent by the word Riverbank, the only name which had been attached to them (R. 7, 8).

Respondent countered by starting this suit before termination of the license. While the suit was thus pending *and before trial,* respondent brought its motion to dismiss for lack of proper venue under 28 U.S.C. § 1391(c), (R. 15). Petitioner opposed and brought its own motion *before trial* to preliminarily enjoin respondent from use of the word Riverbank (R. 140). Respondent's motion was denied (R. 183) and petitioner's motion granted and an injunction issued (R. 189-196). Appeal to the Court of Appeals was taken from the District Court's *interlocutory* order granting the injunction. The Court of Appeals reversed for lack of proper venue, 220 F. 2d 465.

The injunction was issued, not after a trial upon the merits, as petitioner implies, but upon a preliminary motion based on depositions and the showing of affidavits. The effect of the injunction has been to deprive the public and respondent of their rights, without trial, under *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169; 16 S. Ct. 1002; 41 L. Ed. 118 (1896).

The eight points of petitioner's statement, (P. 3) used as a basis for its "Reasons", are set forth without any indication of the extent to which they are controverted. As an instance, point (e) at the bottom of Page 3 of the

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petition, would make it appear that doors, remaining the property of respondent, were made into fireproof doors by manufacturing operations conducted by or for respondent in Illinois. To the extent that this impression is given, the statement is misleading. Respondent has never had any manufacturing facilities in the State of Illinois and has conducted all of its manufacturing in Wisconsin. The facts, as to the doors referred to in point (e), are that respondent sold some sound insulating door units (made in Wisconsin) to Illinois manufacturers who rebuilt these units into doors which these manufacturers then sold for their own account (R. 50).

As to sub-topics (f) and (g) on Page 4 of the petition, emphasis is placed which is not in accordance with the record. This misplaced factual emphasis was urged upon and rejected by the court below. The shipment of closers direct to the customers was incidental and infrequent (R. 26). The duties of the defendant's Chicago sales representatives were essentially sales duties and only incidentally duties of the nature emphasized by petitioner (R. 104).

REASONS FOR DENYING THE WRIT

1. The Petition seeks a construction of a Federal statute [28 U.S.C. 1391 §(c)] not set out in the petition. The action is between corporations organized in different states; petitioner in Illinois, respondent in Wisconsin, upon which diversity, recourse to Federal Court was sought in an otherwise ordinary civil controversy. Congress prescribes for purposes of venue in such cases: (1) a district where defendant is incorporated, or (2) a district where defendant is licensed to do business, or (3) a

district where defendant is doing business. Each of these tests is dependent upon the law of the State of the forum.

Whether incorporated or not, and where, is obviously to be tested by the statutes of the State granting the charter. Whether licensed to do business or not is clearly a question of the requirements of the State issuing the license. The admittedly prevailing rule, which appears to have been followed without exception, is that "doing business" is likewise to be tested by the requirements of the State in which venue is asserted in accordance with *Erie R. Co. v. Tompkins*, 304 U.S. 64; 58 S.Ct. 817; 82 L.Ed. 1188 (1938). The rule thus is not "a rare example", as petitioner claims, but on the contrary it is entirely consistent with the companion provisions of the statute.

The sweeping change which petitioner proposes and upon which petitioner depends as its reason for granting the writ is not in accordance with any broad new principles. The case of *Polizzi v. Cowles Magazines, Inc.*, 345 U.S. 663; 73 S. Ct. 900; 97 L. Ed. 1331 (1953), heavily relied upon by petitioner, far from dealing with any broad general principle, was decided upon the narrow question of the specific requirements of the removal statute, 28 U.S.C. § 1404(a). The court held that 28, U.S.C. § 1391(c), which is controlling in the instant case, was without bearing in the *Polizzi* case. Anything else contained in that decision is obiter.

2. Petitioner strains to present a conflict, but has not the temerity to assert *in haec verba* that a conflict exists. Petitioner extends its proposition tentatively by stating there is confusion amounting to a conflict, but cites no decision holding that "doing business" under 28 U.S.C. § 1391(c) is to be determined otherwise than by the rule of the State comprising the district in question.

The first decision said to show "confusion" is *Scholnik v. International Airlines, Inc.*, 219 F. 2d 115 (C.A. 6 1955), certiorari denied, ... U.S. ..... This case is pointed to as abandoning the prevailing view and refusing to be bound by the requirements of the forum, but nowhere in this opinion is there any statement that the requirements of Ohio as to "doing business" were inconsistent with the result reached. The litigants in that case debated and the court considered the applicability of certain cases dealing strictly with common carriers, principally, *Green v. Chicago, Burlington & Quincy Ry. Co.*, 205 U.S. 530; 27 S. Ct. 595; 51 L. Ed. 916 (1907), and *Philadelphia & Reading Ry. Co. v. McKibbin*, 243 U.S. 264; 37 S. Ct. 280; 61 L. Ed. 702 (1917). Whether the minimum requirements of due process were satisfied was evidently hotly contested, but the applicability of *Erie R. Co. v. Tompkins*, as a measure of "doing business" appears neither to have been challenged nor even discussed.

The second decision claimed to reveal "confusion" in the circuits is *Woodworkers' Tool Works v. Byrne*, 191 F. 2d 667 (C.A. 9 1951) but this case was decided without discussion of either the scope or applicability of the local state (California) rule. The decision turned upon and held that there had been a failure to meet even the minimum requirements of due process, outlined in *International Shoe Co. v. Washington*, 326 U.S. 310; 66 S. Ct. 154; 90 L. Ed. 95 (1945). There is nothing contained in the decision showing that the 9th Circuit, in a proper case, would hesitate to apply the prevailing rule.

The third and the only remaining decision claimed by petitioner to reflect "confusion" is *Partin v. Michaels Art Bronze Co.*, 202 F. 2d 541 (C.A. 3 1953). The petitioner lends the impression that the judges of the Court of Ap-

peals of the 3rd Circuit are here shown to be in conflict on this issue. The petition states that they are split. The decision in the *Partin* case, however, is in strict accord with the prevailing rule and in accordance with *Erie R. Co. v. Tompkins*. The decision applies the law of the forum, that is of Pennsylvania, as determined by the courts of that State. There was no dissent, but in a separate concurring opinion Chief Judge Biggs, by way of obiter, expresses a doubt as to the applicability of *Erie R. Co. v. Tompkins*. This doubt has not carried so far as to produce a split in the decisions of the Court of Appeals of the 3rd Circuit.

The thing which petitioner ignores is the clear directions which this court has given, e.g., that for purposes of diversity jurisdiction, a Federal Court is "* * in effect, only another court of the state, * *" *Guaranty Trust Co. v. York*, 326 U.S. 99, 108; 64 S. Ct. 1464; 89 L. Ed. 2079, 2086 (1945). This being true, orderly procedure requires that a corporation, not suable in the courts of a foreign State should not be subjected to the jurisdiction of a Federal Court sitting, in effect, as a court of that State.

This question arose although in somewhat different form in *Angel v. Bullington*, 330 U.S. 183, 192; 67 S. Ct. 657; 91 L. Ed. 832, 838 (1947). There the litigants were private individuals but applicability of the local State rule controlled the conclusions. The observation was made:

> "Cases like *Lipton's Sons Co. v. Automobile Club*, 225 U.S. 489, are obsolete in so far as they are based on a view of diversity jurisdiction which came to an end with *Erie Railroad v. Tompkins*, 304 U.S. 64. That decision drastically limited the power of federal district courts to entertain suits in diversity cases that could not be brought in the respective State courts or were barred by defenses controlling in the State courts. * * *"

This court thus, with foresight, gave the direction which has matured into the admittedly prevailing rule, now effectively enforced (without any exception as yet adduced) throughout the circuits. There would appear to be no sound reason for upsetting orderly processes based upon the prevailing rule which was applied below.

3. Petitioner's last point is that the Court of Appeals did not adhere to the Illinois rule which it purported to follow. Petitioner's objection in this regard is based on its own heavily overdrawn interpretation of the facts as shown of record. Respondent's headquarters are in Neenah, Wisconsin. If respondent was without right under *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169; 16 S. Ct. 1002; 41 L. Ed. 118 (1896), to continue to apply the word Riverbank to the unique doors of the expired patent, then it was at Neenah, Wisconsin, that the act, causing the injury complained of, occurred. It was there that respondent manufactured the doors and placed the name, Riverbank, upon them. It was there that respondent accepted and filled the orders which were placed with it for such doors.

Petitioner strongly and erroneously urged upon the Court of Appeals below that the enjoined activity of respondent was centered in Chicago. The facts simply do not bear this out (R. p. 16-19). Petitioner repeatedly made the assertion that respondent's business in sound insulating doors centered in and about Chicago, but the Court of Appeals having considered the representation and the record, and having in detail discussed each of the items of proof which petitioner offered, held that the record did not show the defendant's business in sound insulating doors to be centered in and about Chicago.

Petitioner now shifts the emphasis and complains that the injury enjoined occurred in Illinois. This is but a restatement of its original theme and also is contrary to the proof.

CONCLUSION

Orderly administration would not be served by injecting a new exception to *Erie R. Co. v. Tompkins*. No conflict has been shown. This court should not be asked to review a fact issue of no public interest. The Petition should be denied.

Respectfully,

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Dated June 7, 1955.

FILED
NOV 25 1955
HAROLD B. WILLEY, C

IN THE

Supreme Court of the United States

OCTOBER TERM, 1955.

No. 66

RIVERBANK LABORATORIES, a corporation,
Petitioner,

vs.

HARDWOOD PRODUCTS CORPORATION, a corporation,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

BRIEF FOR PETITIONER.

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IN THE

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Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

BRIEF FOR PETITIONER.

CITATION TO OPINION BELOW.

The opinion of the Court of Appeals is printed in the record. (R. 211.) The decision is reported at 220 F. 2d 465 (C. A. 7th, 1955).

JURISDICTION.

The judgment of the Court of Appeals was entered on March 18, 1955. (R. 216.) Rehearing was denied on April 12, 1955. (R. 217.) The jurisdiction of this Court is invoked under 28 U. S. C. §1254(1). The petition for certiorari was filed May 11, 1955, and was granted October 10, 1955.

QUESTIONS PRESENTED.

1. In a diversity case, is a foreign corporation's defense of "not doing business" to be tested by the new due process principles of *International Shoe Co.* v. *Washington*, 326 U. S. 310 (1945) and related cases,[1] or is it governed under the *Erie* rule by state court decisions on procedural due process antedating the new principles?

2. Under the *International Shoe* doctrine, and in view of the enactment of §1404(a) of the Judicial Code, 28 U. S. C. §1404(a), should not a defendant's assertion of "not doing business" be now addressed solely to the question of whether the proceeding should be transferred to another federal district or division, not to the question of dismissal?

3. Was not the Court of Appeals clearly in error, under the *Erie* rule, in improperly and mechanically construing the Illinois decisions and in failing to apply the settled Illinois doctrine that a foreign corporation committing a tort in Illinois against an Illinois citizen may be sued there?

STATEMENT.

Plaintiff (Riverbank) is an Illinois not-for-profit institution of international scientific repute and standing since 1921 in the physical sciences, specializing in the field of acoustics. (R. 141.) It is affiliated with the Armour Research Foundation of the Illinois Institute of Technology. (R. 184.) Incident to its research activities, plaintiff developed a unique sound insulating door for which it obtained a patent. (R. 143.) The defendant (Hardwood), a Wisconsin corporation domiciled at Neenah,[2] not qualified

1. *Travelers Health Assn.* v. *Virginia*, 339 U. S. 643 (1950); *Perkins* v. *Benguet Consolidated Mining Co.*, 342 U. S. 437 (1952).

2. Located in the Eastern District of Wisconsin which is centered at Milwaukee, ninety miles from Chicago.

to do business as a foreign corporation in Illinois, was licensed in 1936 by plaintiff to produce doors covered by the patent and thereafter sold them under the name "Riverbank Sound Insulating Door". (R. 144.) After expiration of the patent and termination of the license, the defendant, without authorization from the plaintiff, continued to exploit plaintiff's name, "Riverbank", in marketing the doors (R. 145-146); and from its Acoustical Department, which was located in Chicago, Illinois (R. 149) continued to solicit sales in Chicago and elsewhere of Riverbank Sound Insulating Doors by means of trade circulars emphasizing the reputation of plaintiff, Riverbank Laboratories. (R. 147-150.) Plaintiff instituted suit on February 25, 1954, in the United States District Court for the Northern District of Illinois, Eastern Division [at Chicago], to enjoin defendant from the unauthorized use of plaintiff's name. (R. 3, 157.) Process was served at defendant's Chicago office upon its Chicago manager, a resident of Chicago who had held that position for nearly thirty years. (R. 16, 78.) On March 24, 1954, defendant moved to dismiss on the ground that it was not "doing business" in Illinois. (R. 15.) Supporting and opposing affidavits were filed (R. 16, 18, 136) and depositions were taken at the instance of plaintiff (R. 20-135), from which it appeared that:

(a) Defendant was actively engaged—despite the termination of its right to use plaintiff's name "Riverbank"—in trading upon that name in the solicitation by its Chicago office (designated by defendant as its Acoustical Department) of door sales to customers in Chicago and elsewhere. (R. 145-150.)

(b) Defendant had maintained a Chicago office for more than thirty years (R. 77), paying the rent therefor and bearing all expense (R. 84-86); its name was painted on the office door, appeared on the directory in the lobby of the building, and was listed in the Chicago telephone directory. (R. 16.)

(c) Its Wisconsin home office letterhead contained the legend "Chicago office, 75 East Wacker Drive" (R. 139); its trade circulars listed its principal office as Neenah, Wisconsin, and its "Acoustical Department" at Chicago, Illinois. (R. 149.)

(d) It shipped merchandise from Wisconsin into Illinois continuously over a long period of years in amounts exceeding $100,000 annually (R. 83); since 1936 it had made royalty payments to its licensor in the State of Illinois averaging over $3,000 per month. (R. 30, 137.)

(e) It had written agreements with Illinois corporations providing for encasing of its sound insulating door units into fireproof doors which were manufactured in Illinois. (R. 31-34, 138-139.)

(f) It contracted with an Illinois partnership for the manufacture in the State of Illinois continuously since 1936 of threshold closers for use in connection with defendant's insulating doors, and issued written instructions for shipment of the closers from Illinois to defendant's consignees in other states; it paid for the closers by delivering its checks therefor each month to its contractor in Illinois. (R. 26, 137-138.)

(g) An important part of the duties of defendant's Chicago manager was to make drawings and sketches, to consult with architectural and engineering firms, to prepare a manual for use in the trade, to carry on correspondence and to investigate complaints, all related to the installation and servicing of defendant's doors in Chicago, Illinois (R. 30, 65, 70-71, 90-91); and the Chicago manager also had jurisdiction of sales agents in a large territory outside of the State of Illinois. (R. 29.)

On consideration of the foregoing facts, the District Judge, on June 3, 1954, overruled the motion to dismiss and proceeded to consider the merits of plaintiff's application for a preliminary injunction. A preliminary injunction was entered on June 18, 1954, restraining the defendant from using the name "Riverbank". (R. 192.) An

interlocutory appeal was taken by defendant on June 18, 1954 to the Court of Appeals for the Seventh Circuit. (R. 197.) The Court of Appeals did not adjudicate the case on the merits but reversed the District Court on the ground that the venue (*sic*)[3] was improper because the defendant was a foreign corporation "not doing business in Illinois". (R. 213.) In arriving at this result, the Court of Appeals did not apply the new due process principles enunciated in the *International Shoe* and subsequent cases, but instead held that the "not doing business" defense must be tested by Illinois decisions, stating:

> "In *Canvas Fabricators* and in *Roberts* we pointed out that in diversity cases the law of Illinois must control and that decisions by the Illinois Supreme Court such as *G. W. Bull & Co.* v. *Boston & Maine R. R. Co.*, 344 Ill. 11, 175 N. E. 837, and *Booz* v. *Texas & Pacific Ry. Co.*, 250 Ill. 376, 95 N. E. 460, establish the rule that a defendant is not subject to process in Illinois if it was not engaged in business in that state in any way other than the solicitation of orders to be accepted or rejected elsewhere." (R. 213.)

SUMMARY OF THE ARGUMENT.

1. The defense of "not doing business" raises questions of federal constitutional law only. The *Erie* rule is inapplicable because there is no independent state law or policy on "doing business". All the Illinois decisions, including those cited by the court below as establishing a separate state rule, involved solely the federal question of due process under the Fourteenth Amendment. No state would close its courts to its own citizens, forcing them to sue foreign corporations away from home, when not constitutionally compelled to do so.

3. Since this is a diversity case, and the suit was brought in the judicial district where the plaintiff resides, all technical requirements of real "venue" were satisfied. 28 U. S. C. § 1391(a). See *Camp* v. *Gress*, 250 U. S. 308 (1919).

2. The "doing business" rule, like §1404(a), affects only the place of trial within the federal court system and not the ultimate result. It is "procedural" under the test laid down in *Guaranty Trust Co.* v. *York.* These cases in federal courts should be governed by §1404(a).

3. The application of state decisions on "doing business" by virtue of Rule 4(d)(7), Fed. Rules Civ. Proc., as in *Pulson* v. *American Rolling Mill Co.,* is erroneous. Not only does the *Pulson* theory strain the language of the Rule beyond pure formal details of method, but it would result in applying state "doing business" decisions in federal question cases.

4. The court below misconstrued the Illinois decisions. The Illinois rule of "doing business" is identical with the federal rule. Moreover, the court below failed to apply the settled state rule that a corporation is "doing business" where the subject matter of the suit arises out of its activities within the state.

ARGUMENT.

I.

The Defense of "Not Doing Business" Involves Solely Principles of Federal Constitutional Law. There Is No "State Law" of "Doing Business". The Erie Rule Therefore Cannot Be Applicable.

The Background to International Shoe.

A striking difference has existed under service of process rules between suits against natural persons and suits against business corporations. Natural persons have always been suable wherever tagged[4] by the process server; regardless of the distance of the forum from the defendant's domicile or the inconvenience of the forum to him, no constitutional question arose to disturb the plaintiff's selection of the forum.[5] On the other hand, a business

4. It is interesting to reflect on the fact that the tagging mechanism for initiating legal proceedings seems historically to have preceded the development of a sound and reliable postal system. The waste in communicating the initiation of legal proceedings through the tagging technique and in the judicial system's maintenance of a private army of process servers is appalling. Even in the non-resident motorist statutes the fiction of the tag is preserved although actual notice is conveyed by registered mail. *Hess* v. *Pawloski*, 274 U. S. 352 (1927). The postal registry system was not inaugurated until 1872. R. S. Sec. 3926 (Act June 8, 1872, c. 335, §§ 126, 129, 17 Stat. 300); 39 U. S. C. § 381. For a review of colonial history of the postal system, see *U. S.* v. *Kochersperger*, 26 Fed. Cas. No. 15, 541 at 803 (E. D. Pa. 1860). The tagging rule gives rise to special problems where in a complicated case involving many defendants not all are taggable in the same place. Extra-territorial tagging is not permitted except under special circumstances. *Smith* v. *Grady*, 68 Wis. 215, 31 N. W. 477 (1887).

5. *Harris* v. *Balk*, 198 U. S. 215 (1905). See *Peabody* v. *Hamilton*, 106 Mass. 217 (1870), (non-resident defendant served on

corporation, though likewise tagged by a process server at the forum of plaintiff's selection, has been given a privilege or option to resist suit at that place if it is "not doing business" there.[6] This privilege, it must be emphasized, is not derived from any rule or principle of state substantive law, but is a rule of procedural due process of law under the federal constitution. *Riverside and Dan River Cotton Mills* v. *Menefee*, 237 U. S. 189 (1915); cf. *St. Clair* v. *Cox*, 106 U. S. 350 (1882). This rule has its origins in conceptual difficulties once thought formidable to the recognition of any legal existence of a corporation outside the territorial boundaries of the state which created it.[7] See Henderson, *The Position of Foreign Corporations in American Constitutional Law*, Ch. 5 (1918). It is a rare example—perhaps the only one known—of a constitutional privilege developed solely for foreign corporations not equally applicable to natural persons. At any rate the

board ship in Boston Harbor while enroute from Nova Scotia to New York); *Fisher, Brown & Co.* v. *Fielding*, 67 Conn. 91, 34 Atl. 714 (1895), (defendant was an alien transiently stopping at a hotel).

6. Compare *Rosenberg Bros. & Co.* v. *Curtis Brown Co.*, 260 U. S. 516 (1921) and *James-Dickinson Farm Mortgage Co.* v. *Harry*, 273 U. S. 119 (1927) with *Harris* v. *Balk*, *supra* note 5. In the *James-Dickinson* case, service upon the president of a foreign corporation who was temporarily present within the state was held proper as to him personally but not as to the corporation. Presumably this would apply to a president-sole stockholder.

7. Another point is sometimes made. If the plaintiff effects service on some obscure employee of a foreign corporation who lacks the intelligence, discretion or will to report the episode to superiors through internal channels of communication, the defendant may, through ignorance, default and, if so, it will have been denied a day in court and due process of law. To create a due process problem in this fashion means that a corporate defendant not ignorant of the suit but, on the other hand, fully informed about it—here even defending and losing the case on the merits—is permitted to come into court through selected counsel carrying extensive affidavits in order to plead a purely hypothetical case. In this connection it should be noted that in two leading cases in this field, the *Rosenberg* and *James-Dickinson* cases, cited note 6, *supra*, service was on the president of the corporation.

corporate bar was quick to exploit to the fullest the opportunities that such a constitutional privilege afforded. Through easy planning of such petty details as standard clauses in printed order blanks requiring acceptance of sales drummers' orders at the "home office", the indirect instead of the direct handling or bearing of the costs of local offices, directory and telephone listings and services and the like by arranging for the handling of them through local representatives and agents and by reflecting these costs in compensation rates or reimbursements, and through the management or planning of similar formalities, a significant measure of immunity from suit in large areas of the country was achieved, both against state tax and regulatory agencies and local residents.

The trial of "doing business" questions and the survival of such a point, even after decision of the case on the merits—as here—contributed much in the way of delay, expense and traps to a system already heavily encumbered with all three. Because of the great number of cases involving foreign corporations, the point is litigated constantly and is of great day-to-day significance to the courts and the bar. The Court of Appeals for the Second Circuit has aptly observed: "The published decisions on what constitutes 'doing business' in a state by a foreign corporation are literally legion." *Echeverry* v. *Kellogg Switchboard & Supply Co.*, 175 F. 2d 900, 902 (C. A. 2nd, 1949.) In any event, a one-sided privilege to control the place of suit introduced complicating, strategic and psychological factors into the processing of an aggrieved local citizen's claim for redress. It may even have contributed much to the clogging of court calendars in a few large metropolitan centers, where foreign corporations are subject to suit without an independent trial, often as time consuming and as expensive as the main one itself. Some state legislatures, in seeking ways to enable their citizens to

obtain redress at home for the injuries they may have suffered from foreign corporations untouchable locally, have hit upon the device of "direct action" against non-immune insurance companies; they have thus done violence to conventional legal theory, producing harder and more serious constitutional questions than those which gave rise to the problem in the first place. See *Watson* v. *Employers Liability Assurance Corp., Ltd.*, 348 U. S. 66 (1954).

In recognition of this state of affairs, the Supreme Court in the *International Shoe* and related cases finally adopted a wholly new approach to the due process questions underlying the "doing business" rule. The court stated (326 U. S. at 317, 319-320 (1945)):

> "[T]he demands of due process * * * may be met by such contacts of the corporation with the state of the forum as make it reasonable, in the context of our federal system, to require the corporation to defend the particular suit which is brought there. An 'estimate of the inconveniences' which would result to the corporation from a trial away from its 'home' or principal place of business is relevant in this connection * * * It is evident that the criteria by which we mark the boundary line between those activities which justify the subjection of a corporation to suit, and those which do not, cannot be simply mechanical or quantitative. The test is not merely, as has sometimes been suggested, whether the activity, which the corporation has seen fit to procure through its agents in another state, is a little more or a little less. * * * Whether due process is satisfied must depend rather upon the quality and nature of the activity in relation to the fair and orderly administration of the laws which it was the purpose of the due process clause to insure. That clause does not contemplate that a state may make binding a judgment *in personam* against an individual or corporate defendant with which the state has no contacts, ties, or relations * * * It is evident that [defendant's] operations establish sufficient contacts or ties with the state of the forum to make it

reasonable and just according to our traditional conception of fair play and substantial justice to permit the state to enforce the obligations which appellant has incurred there. Hence we cannot say that the maintenance of the present suit in the State of Washington involves an unreasonable or undue procedure."

Subsequent Developments.

Since *International Shoe*, two major developments have taken place:

1. Section 1404(a) of the Judicial Code, 28 U. S. C. § 1404(a), was enacted by Congress in 1948, conferring discretion on the District Judges of the United States courts to transfer actions from one district or division to another "in the interest of justice". The criteria for judgment under § 1404(a) resemble, if they do not directly parallel, those under *International Shoe*. Judge Learned Hand in *Kilpatrick* v. *Texas & P. Ry. Co.*, 166 F. 2d 788, 791 (C. A. 2nd, 1948) found these criteria to be "indistinguishable". An important difference, however, exists in the remedy. The remedy under § 1404(a) is transfer to another federal district where the interests of justice require that result, whereas under *International Shoe* the only remedy heretofore has been thought to be dismissal. Thus, there are now thought to be two separate, co-existing rules directed to the same problem, with parallel criteria or standards but with different consequences.[8]

2. In spite of both § 1404(a) and *International Shoe*, the new standard has not been used at all in diversity

8. The difference between disposition under § 1404(a) on the one hand or under the "doing business" rule on the other is substantial. Transfer under § 1404(a) does not reopen the statute of limitations against the plaintiff. Transfer is discretionary and may not be reviewable. *Cf. Norwood* v. *Kirkpatrick*, 349 U. S. 29 (1955). In any event, the point would not appear to survive disposition of the case below on the merits.

cases in most of the circuits.[9] It was noticed shortly after *International Shoe* and related cases were decided that they all involved appeals from state Supreme Courts, not diversity cases, and most of the circuits went on from there to hold the *Erie* rule applicable to the problem in diversity cases. The result has been that obsolete federal interpretations of due process, as reflected in state decisions preceding *International Shoe*, have been applied to the "not doing business" defense in diversity cases brought in or removed to the federal courts. Thus, the old "doing business" rule as it existed before *International Shoe* and before § 1404(a) is still the basis for decision in these cases, as it was in the Seventh Circuit in this case.[10]

9. Confusion tantamount to conflict exists in the circuits. The prevailing rule applying state law is taken in the First, Fifth and currently (see note 10) in the Seventh. *Pulson* v. *American Rolling Mill Co.*, 170 F. 2d 193 (C. A. 1st, 1948); *Rosenthal* v. *Frankfort Distillers Corp.*, 193 F. 2d 137 (C. A. 5th, 1951); *Canvas Fabricators, Inc.* v. *William E. Hooper & Sons Co.*, 199 F. 2d 485 (C. A. 7th, 1952). The judges in the Third Circuit seem to be split among themselves. See *Partin* v. *Michaels Art Bronze Co.*, 202 F. 2d 541 (C. A. 3rd, 1953). The Second Circuit appears to have a different rule for removal cases than for cases originally filed in the federal courts. Compare *Bomze* v. *Nardis Sportswear, Inc.*, 165 F. 2d 33 (C. A. 2nd, 1948) with *Satterfield* v. *Lehigh Valley R. Co.*, 128 F. Supp. 669 (S. D. N. Y., 1955) and *Nugey* v. *Paul-Lewis Laboratories*, 132 F. Supp. 448 (S. D. N. Y., 1955). The Sixth Circuit apparently follows the *International Shoe* rule. *Scholnik* v. *National Airlines, Inc.*, 219 F. 2d 115 (C. A. 6th, 1955), *cert. den.* 349 U. S. 956 (1955), relying upon two earlier decisions of the same court and a decision of the Court of Appeals for the District of Columbia which clearly did not involve Ohio state law. See also *Electrical Equipment Co., Inc.* v. *Daniel Hamm Drayage Co.*, 217 F. 2d 656 (C. A. 8th, 1954); *Woodworkers Tool Works* v. *Byrne*, 191 F. 2d 667 (C. A. 9th, 1951); *Kahn* v. *Maico Company*, 216 F. 2d 233 (C. A. 4th, 1954).

Moore regards the *Erie* rule as inapplicable. Moore's Federal Practice, Sec. 4.25 (2d Ed., 1948).

10. In an earlier case, the Seventh Circuit (Evans, Major and Minton, JJ. sitting) tested the defense only by *International Shoe* standards without the use of Illinois law. *Clover Leaf Freight Lines, Inc.* v. *Pacific Coast Wholesalers Assn.*, 166 F. 2d 626 at 630-631 (C. A. 7th, 1948), *cert. den.* 335 U. S. 823 (1948).

The Polizzi Case.

The Supreme Court has yet to decide whether the new principles of *International Shoe* or the new approach of § 1404(a) apply in diversity cases where the "not doing business" defense is raised, or whether the circuits are right in testing the defense, not by either of those standards, but by obsolete federal law, as reflected in state court decisions preceding *International Shoe*. This question appears to have been expressly left open in *Polizzi* v. *Cowles Magazines, Inc.*, 345 U. S. 663 (1953). In that case, two justices took no part in the consideration or decision. Of the other seven members of the Court, a majority of four held that the courts below had improperly analyzed the question involved under the venue statute which those four justices held to be inapplicable. The majority so holding therefore refrained from touching either the "doing business" question within the meaning of *International Shoe* and related cases or the applicability of § 1404(a). Three justices, concurring in part and dissenting in part, thought the Supreme Court should have decided the "doing business" question on the basis of the new principles of *International Shoe* and § 1404(a). Those justices left no doubt that in their opinion the new principles were applicable in diversity cases. One of their opinions emphasized that § 1404(a) now bore heavily on the present status of the "doing business" rule in diversity cases and this opinion implied that an independent "doing business" rule in the federal courts may now, in view of § 1404(a), be unnecessary and non-existent. Disposition of the "doing business" cases under § 1404(a), as suggested in that concurring opinion, would, for the first time, put natural persons and corporations in exactly the same constitutional position under service of process rules. Such a standard would make transfer from one federal court to another, rather than dismissal, the only appropriate remedy where a defendant's claim has merit. Several courts have since picked up this theme. See *Scholnik* v. *National Air-*

lines, Inc., 219 F. 2d 115, 120 (C. A. 6th, 1955), cert. den. 349 U. S. 956 (1955); *Magnetic Engineering & Mfg. Co.* v. *Dings Magnetic Separator Co.*, 86 F. Supp. 13, 17 (S. D. N. Y., 1949), appeal dismissed 178 F. 2d 866 (C. A. 2nd, 1950); *Kendrick* v. *Seaboard Air Line R. R.*, 98 F. Supp. 372, 373 (E. D. Pa., 1949); *Cooke* v. *Kilgore Mfg. Co.*, 105 F. Supp. 733, 738 (N. D. Ohio, 1952).

Only Federal Constitutional Law Is Involved.

The prevailing view of the circuits in treating the question in diversity cases as governed by the *Erie* rule is plainly wrong. The "state law" so applied under the *Erie* rule is nothing but federal constitutional law. For example, the two state court decisions relied upon by the Court of Appeals for the Seventh Circuit in this and its companion decisions on the point are predicated exclusively on now-antiquated procedural due process grounds under the federal constitution and involve interpretation and application of United States Supreme Court decisions antedating *International Shoe* and related cases. *See Bull & Co.* v. *Boston & Maine R. R.*, 344 Ill. 11, 22, 175 N. E. 837, 841 (1931) and *Booz* v. *Texas & Pacific Ry. Co.*, 250 Ill. 376, 381, 95 N. E. 460, 461 (1911). Apart from due process considerations under the federal constitution, there are no independent state law reasons or grounds for the "doing business" rule.

Though it is apparent from the *Bull* and *Booz* decisions on their face that they are grounded solely upon federal due process considerations, in the leading Illinois case of *Pembleton* v. *Illinois Commercial Men's Association*, 289 Ill. 99, 107-108, 124 N. E. 355, 359 (1919), cited and relied upon in the *Bull* case, the Illinois Supreme Court expressed itself in the clearest possible terms on this point as follows:

"The decisions in this state as to due process of

> law under the Fourteenth federal amendment must be controlled by the decisions of the federal courts rather than by the decisions of our own or other state courts. * * * It is our duty under the law to overrule, if necessary, even our own decisions and follow the rule laid down by the federal Supreme Court in matters of this kind."

Further, in *Darling & Co.* v. *Rauh & Sons Fertilizer Co.*, 242 Ill. App. 375, 378 (1926), the Illinois Appellate Court stated:

> "The Supreme Court decisions are binding upon the courts of this state for the reason that they define what is 'due process of law' under the federal constitution."

A pyramid of Illinois cases citing each other, all antedating *International Shoe*, create an illusion of a separate body of state precedent, but, as indicated, each and every one of the decisions is predicated upon United States Supreme Court decisions, likewise antedating *International Shoe*, on federal constitutional law. The use of state law thus produces a kind of stunted renvoi.

This is not merely true in Illinois but, we contend, is universally true. There is no independent state law or policy on "doing business".[11] Not only is there not any separate state policy on this question, but it appears to be demonstrable that none would exist. Would any state affirmatively seek to adopt a stricter rule of "doing business" than is required by federal due process of law, in order thereby to deny its own citizens access to its courts in seeking redress against foreign corporations—that is, close its courts to its own citizens when a due process test of fairness does not require it to do so? Traditionally

11. For other state cases indicating that only a federal question is involved, see *American Asphalt Roof Corporation* v. *Shankland*, 205 Iowa 862, 219 N. W. 28, 60 A. L. R. 986 (1928); *Harrison* v. *Corley*, 226 N. C. 184, 37 S. E. 2d 489 (1946).

states have sought to extend their jurisdiction over foreign corporations for the benefit of local residents, not to restrict it.[12] See, *e.g., Davis* v. *Farmers' Co-op. Equity Co.*, 262 U. S. 312 (1923). Direct action statutes and related legislation are born of such a policy, as this Court itself recognized, and are totally inconsistent with the idea of a restrictive state policy. *Watson* v. *Employers Liability Assurance Company, Ltd.*, 348 U. S. 66 (1954). A state may attempt to deny remedies to unlicensed foreign corporations in its courts to police its licensing and qualification laws, or it may attempt to deny non-resident citizens access to its courts against foreign corporations on matters unrelated to the state, but these are indeed altogether different matters than denial to its own citizens of access to its courts.

Since no affirmative state policy is involved, recent cases, such as *Angel* v. *Bullington*, 330 U. S. 183 (1947); *Woods* v. *Interstate Realty Co.*, 337 U. S. 535 (1949); and *Ragan* v. *Merchants Transfer & Warehouse Co.*, 337 U. S. 530

12. Should any state, contrary to the evidence of the past and common sense, actually adopt a policy of declining jurisdiction in proceedings instituted by its own citizens, such a state would appear to be adopting a *forum non conveniens* rule couched in jurisdictional, instead of discretionary, terms. Even though states have adopted *forum non conveniens* rules only in rare instances, the question arose before the enactment of § 1404(a) of whether the *Erie* rule applied to state law on *forum non conveniens*. It was held that it did not. *Gilbert* v. *Gulf Oil Corporation*, 153 F. 2d 883 (C. A. 2nd, 1946). This question was mooted by the Supreme Court in *Gulf Oil Corporation* v. *Gilbert*, 330 U. S. 501, 509 (1947) See also *Williams* v. *Green Bay & W. R. Co.*, 326 U. S. 549, 558-559 (1946). Section 1404(a) of the Judicial Code is generally conceded as having resolved the entire question. See Braucher, *The Inconvenient Federal Forum*, 60 Harv. L. Rev. 908, 927-30 (1947). If § 1404(a) preempts the entire field as to the discretionary form of *forum non conveniens*, it would appear likewise to do so as to any special variant of it, even though couched in jurisdictional terms. Otherwise § 1404(a) in the federal courts could, in effect, be vetoed or nullified by the states through a formalistic use of jurisdictional vocabulary.

(1949), all involving escape from affirmative state policies through use of federal law in diversity cases, are not here applicable.

What is involved in these cases is federal constitutional law in the field of procedural due process, as to which the Supreme Court of the United States and not the Supreme Court of any state is the final arbiter. The *Erie* rule, therefore, should have no application. *Cf. State Tax Commission* v. *Van Cott*, 306 U. S. 511 (1939) and *Red Cross Line* v. *Atlantic Fruit Co.*, 264 U. S. 109, 120 (1924).

One final point remains by way of summary. Some of the circuits have approached the "doing business-*Erie* rule" problem in terms of a double question—first, is jurisdiction possible under the constitutional test of fairness laid down by *International Shoe*, and second, has the state involved chosen as a matter of its own policy to exercise its maximum constitutional jurisdiction? See *Pulson* v. *American Rolling Mill Co.*, 170 F. 2d 193 (C. A. 1st, 1948) and *Roberts* v. *Evans Case Co.*, 218 F. 2d 893, 895 (C. A. 7th, 1955). In the light of what has been said, this dichotomy is a false one. The first of these questions is pure federal constitutional law of due process. As to the second question, as demonstrated above, the states have not nor is it common sense to expect them to close their courts to their own citizens, thus forcing them to seek redress against a foreign corporation away from home when the due process test of fairness does not compel this result.

II.

Integration of International Shoe and § 1404(a) Produces A New Characterization in the Federal Courts.

Furthermore, if the test of the *Erie* rule's applicability under *Guaranty Trust Co.* v. *York*, 326 U. S. 99, 109 (1945) is whether disregard of state law would "signi-

ficantly affect the result of a litigation", it should be noted that the "doing business" rule touches the place of trial within the federal court system, not the ultimate result. In these terms the issue in this diversity case at Chicago is whether it should be refiled at or transferred to Milwaukee. As the concurring opinion in the *Polizzi* case suggests, the "doing business" rule now resembles or parallels § 1404(a) of the Judicial Code in that it regulates not the flow of cases as between state and federal courts or the volume of diversity business in the federal courts, but only the allocation of a given volume of diversity business as between different districts within the federal court system.

If § 1404(a) and the "doing business" rule are both viewed as techniques for the administration of judicial business within the federal court system, the practical consequences of the decision below should be noted. This case was heard on the merits by the District Judge at Chicago and was before the Court of Appeals for review on the merits. The Court of Appeals decision means that the case must be retried by another federal district court at Milwaukee, Wisconsin, ninety miles away, which is within the same circuit, so that it eventually can return to the same Court of Appeals for review on the merits. The parties have thereby been subjected to unnecessary delay and expense, and the federal court system to unnecessary burdens.

As previously indicated at page 11 above, the criteria of § 1404(a) and the tests of *International Shoe* appear to be identical. Yet, in the federal court the indistinguishable, parallel criteria produce different results—transfer under the one, as compared with dismissal under the other. It may not be too much to suggest that the "doing business" rule may no longer have independent existence—apart from the remedy under § 1404(a)[13]—in the federal courts.

13. § 1404(a) requires no gloss by way of legislative history. See *Ex parte Collett*, 337 U. S. 55, 61 (1949).

If a defendant's claim has merit in a particular case, transfer to another federal forum under § 1404(a) permits exact justice to be done for both parties. See Black, *J.* in *Polizzi* v. *Cowles Magazines, Inc.*, 345 U. S. 663, 667 (1953); *Scholnik* v. *National Airlines, Inc.*, 219 F. 2d 115, 120 (C. A. 6th, 1955), cert. den. 349 U. S. 956 (1955). The states cannot avail themselves of this superior remedy because of the lack of administrative machinery necessary to effectuate it, whereas such machinery is inherent in a federal court system.

III.

Federal Rule 4(d)(7) Does Not Require the Application of State Law.

At least one circuit has brought state law to bear on "doing business" in diversity cases, not under the *Erie* doctrine, but by virtue of Rule 4(d)(7) of the Federal Rules of Civil Procedure. *Pulson* v. *American Rolling Mill Co.*, 170 F. 2d 193 (C. A. 1st, 1948). A word, therefore, should be added to put this point at rest. That rule authorizes service of process "in the manner prescribed by the law of the state in which the service is made * * *." In the *Pulson* case, the word "manner" was held to bring in the state "doing business" rule. See *Kenny* v. *Alaska Airlines, Inc.*, 132 F. Supp. 838 (S. D. Cal., 1955).

It is self-evident that Rule 4(d)(7) regulates only technical details of method; jurisdiction and venue questions receive separate treatment in the Judicial Code. Further, the *Pulson* view proves too much. Under that decision, state law on "doing business" would necessarily be determinative of federal jurisdiction in federal question as well as diversity cases, since Rule 4(d)(7) quite clearly applies indiscriminately to both classes. Other courts, we suggest, have properly rejected the *Pulson* view and have

limited the scope of Rule 4(d)(7) to technical details of who, how, when and where. *Scholnik* v. *National Airlines, Inc.*, 219 F. 2d 115 (C. A. 6th, 1955), cert. den. 349 U. S. 956 (1955); *Moore* v. *Atlantic Coast Line R. Co.*, 98 F. Supp. 375 (E. D. Pa., 1951); *Allegue* v. *Gulf and South American S. S. Co., Inc.*, 103 F. Supp. 34 (S. D. N. Y., 1952). It should be noted, finally, that all arguments negating the existence of a separate state rule of "doing business" are equally valid against the *Pulson* theory.

IV.

Even if the Erie Rule Requires Reference to Illinois Decisions, the Court of Appeals Misapplied Both the Rule and the Law of Illinois.

The Erie Rule Does Not Call for the Mechanical Application of Old State Court Decisions in a Field Undergoing Reconsideration and Re-evaluation.

This Court has made it plain that a federal court sits in a diversity suit as just "another court of the state". But it is equally plain that a federal court so sitting is expected to decide questions of state law as they would currently be decided by the highest courts of the state involved. Not all questions of state law admit of ready and easy answers, and craftsmanship may necessarily be required in the application of precedent under changing circumstances, especially in a field of law undergoing intensive current re-evaluation and reappraisal of underlying policies. These cases *ex hypothesis* involve diversity conditions and they are therefore either brought in or removable to the federal courts. As a result, there has been no appellate decision in Illinois since *International Shoe* on the point, despite the extraordinary volume of cases presenting the question in the federal courts of the area. The Illinois

cases preceding *International Shoe* all turn on federal due process doctrine, as reflected in United States Supreme Court decisions prior to the fundamental reconsideration and re-evaluation of the underlying constitutional principles in *International Shoe*. The Court of Appeals here and in its companion cases on the point did not view Illinois law as living and changing as underlying policy is re-evaluated and changes. Instead, the Court of Appeals mechanically applied the old pre-*International Shoe* cases as though they necessarily froze the law of Illinois, without regard to shifting policy and re-evaluation by the Supreme Court as the original author of those policies, until those decisions were changed by Illinois itself. Compare Wyzanski, *The Trial Judge's Freedom and Responsibility*, 65 Harv. L. Rev. 1281, 1299-1301 (1952). *Cf. King* v. *Order of United Commercial Travelers of America*, 333 U. S. 153 (1948).

Closer scrutiny of the Illinois decisions reveals that the Illinois rule of "doing business" is identical with the federal rule and changes with it. In *Pembleton* v. *Illinois Commercial Men's Association*, 289 Ill. 99, 124 N. E. 355 (1919), in a passage quoted at pages 14-15, *supra*, of this brief, the Illinois Supreme Court indicated that, as to questions of "doing business", Illinois courts were bound to follow the decisions of the United States Supreme Court, even where this necessitated overruling decisions of Illinois courts. Accord: *Darling & Co.* v. *Rauh & Sons Fertilizer Co.*, 242 Ill. App. 375 (1926). If the case at bar had been brought in a state court, that court would have been bound under the *Pembleton* case to apply the new *International Shoe* standards. Since the federal court in Illinois must under the *Erie* rule act as "only another court of the state", it must likewise apply the present federal rule of "doing business".

The present vitality of the *Pembleton* doctrine in the law of Illinois is demonstrated by the new Illinois Civil Practice Act, approved July 19, 1955, after the Court of Appeals decision here, and effective January 1, 1956. Under Section 17(1)(a) of that Act, state policy in this field clearly is to assume jurisdiction wherever that may be done consistent with due process of law. See Joint Committee Comments in Smith-Hurd, Ill. Ann. Stat., Ch. 110, § 17(1) (1955). If such a pronouncement of state law had been made by the Supreme Court of Illinois while this case was pending, all federal courts would be required to apply it at any level of the proceedings. *Vandenbark* v. *Owens-Illinois Glass Company*, 311 U. S. 538 (1941); *Huddleston* v. *Dwyer*, 322 U. S. 232 (1944). A statute merely codifying existing case law into a procedure code would seem to be *a fortiori*.

Under Illinois Decisions a Foreign Corporation Is Suable on Torts Committed in Illinois.

Furthermore, the Court of Appeals did not mention or face up at all to the point that this suit charges, and the District Judge actually enjoined, a tort committed in the State of Illinois—the unlawful exploitation of plaintiff's name there. The activities which were the subject matter of the injunction were not only going on in Illinois, but were actually centered in and emanated from Illinois where the Acoustical Department of the defendant's business is headquartered. It has always been the law of Illinois that its citizens will not be sent "to a foreign jurisdiction in quest of redress for injuries committed here". *Edwards* v. *Schillinger*, 245 Ill. 231, 238, 91 N. E. 1048, 1050 (1910); *Pergl* v. *U. S. Axle Co.*, 320 Ill. App. 115, 50 N. E. 2d 115 (1943).[14] Even the pre-*International Shoe*

14. The rule permitting a foreign corporation to be sued in Illinois on torts committed there is likewise codified in Section 17(1)(b) of the new Illinois Civil Practice Act.

due process rule never prevented this result in Illinois or anywhere. "Presence," said the Court in the *International Shoe* case, "has never been doubted when the activities of the corporation there have not only been continuous and systematic, but also give rise to the liabilities sued on * * *." 326 U. S. 310, 317.

CONCLUSION.

It is apparent from the recital of the undisputed facts in the Statement that the tests of *International Shoe* for the retention of this case in Chicago are easily and quickly met. The character of the defendant's ties, contacts and relations to the forum make it fair and reasonable to subject it to suit there. Such was the holding of the District Judge in denying defendant's motion to dismiss. (R. 183.) He proceeded to try the merits of plaintiff's application for a preliminary injunction and granted such an injunction.

For the foregoing reasons, the decision of the Court of Appeals should be reversed and the case should be remanded to that court with instructions to consider and adjudicate the case at last on the merits of the injunction order itself.

Respectfully submitted,

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DEC 21 19
HAROLD B. WILLEY

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1955

No. 66

RIVERBANK LABORATORIES,
a corporation,

Petitioner,

vs.

HARDWOOD PRODUCTS CORPORATION,
a corporation,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

BRIEF FOR RESPONDENT

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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1955

No. 66

RIVERBANK LABORATORIES,
a corporation,

Petitioner,

vs.

HARDWOOD PRODUCTS CORPORATION,
a corporation,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

BRIEF FOR RESPONDENT

THE QUESTIONS PRESENTED

The Petition presented two questions which Petitioner now renumbers as 1 and 3. These may be summarized as follows:

1. Is the defense of "not doing business" to be tested by the *International Shoe* case, 326 U.S. 310 (1945), or is it governed under *Erie R. Co. v. Tompkins*, 304 U.S. 64 (1938), by the rules of State court decisions?

3. Did the Court of Appeals fail to apply the settled Illinois doctrine even under the rule of *Erie R. Co. v. Tompkins?*

Petitioner attempts in its brief to expand the two questions to three, by introducing as a new second question an inquiry concerning 28 U.S.C. § 1404 (a), having to do with transferal of proceedings. This additional question is not presented on the record.

STATUTE INVOLVED

The applicable statute controlling venue in diversity cases involving a corporate defendant, is:

> 62 Stat. 869 (1948), Title 28 U.S.C., § 1391(c). A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.

STATEMENT

This action was commenced as a declaratory judgment action[1] by Petitioner, an Illinois corporation, against Respondent, a Wisconsin corporation, before any alleged injury occurred. Petitioner later amended its complaint and characterized the action as one for unfair competition (R. 157, 158). The controversy involves the right of the public, including Respondent, to continue to apply the word "Riverbank", which had been used to designate certain sound insulating doors during the 17 year life of a licensed patent, after that patent expired.

Respondent contends that the situation falls squarely within the doctrine of *Singer v. June,* 163 U.S. 169 (1896), and that "Riverbank" passed into the public domain. Petitioner claims immunity from the *Singer* doctrine because of exceptions to the general rule.

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[1] The Bill of Complaint, filed February 25, 1954, asked for a declaration (R. 9) that Respondent's rights would expire March 30, 1954 (R. 10).

Since Petitioner injects an issue involving the geography of the alleged injury some amplification of the Statement is necessary. In 1935 (R. 56, 57), Petitioner participated with the individuals, Sabine and Henry O. Ludlow, in a joint endeavor for the exploitation of a certain insulating door invention (R. 144), then the subject of a pending patent application (R. 143). To this enterprise, Petitioner lent its name, to-wit: "Riverbank Insulating Door Company" (R. 144).

Sabine and Ludlow on behalf of "Riverbank" went from Chicago to Neenah, Wisconsin, to discuss with Respondent the possibility of the latter making the door of the invention, subsequently called the "Riverbank" sound insulating door (R. 79). A license agreement was concluded as a result of this visit, not with Petitioner, but with Riverbank Insulating Door Company in which Petitioner was interested (R. 144). Under this license, Respondent was required to pay a royalty of 20%, and for over 17 years, commencing before the patent issued, Respondent paid royalty. The patent expired May 11, 1954.

After Petitioner's emissary went to Wisconsin and induced Respondent to accept a license, Respondent, there in Neenah, Wisconsin, established its business of making, labeling and selling the "Riverbank" doors, which activity continued in Wisconsin throughout the life of the patent (R. 19). It was in Neenah, Wisconsin, that the right of the public[1] to use the word "Riverbank" arose.

[1] Architects were encouraged to specify the doors of the patent by designating them "Riverbank" in specifications which they prepared. (R. 88, 91) Construction contractors bid on and contracted to furnish the doors specified by using the word "Riverbank". Respondent, as a supplier, was but one link in a chain of supply in which the public was the party ultimately concerned.

When this action was sought to be commenced in Illinois, Respondent, by timely motion, sought dismissal for lack of venue so that if the action were tried at all it would be tried in Wisconsin where Respondent made and marked the doors "Riverbank."

The District Court overruled the motion to dismiss (R. 183) and granted an injunction in advance of trial (R. 190), in spite of conflicting affidavits (R. 159, 190) and without regard for the disruption of the affairs of contractors and architects as well as the public depending upon their services.

Were it not for the preliminary injunction this matter would not now be before this Court, since it was on appeal from the preliminary injunction that the Court of Appeals reversed and ordered dismissal for failure of venue. On the appeal the validity of the order granting the injunction was strongly challenged on the basis of the doctrine of *Singer v. June;* but the Appeal Court held it could not and it did not pass on this important issue because of the venue defect (R. 211).

In the event this Court finds the Petitioner's position correct on the points raised on the petition, then this matter should be returned not to the District Court but to the Court of Appeals for the 7th Circuit for further proceedings in connection with the appeal.

Factual Issues Resolved Below Contrary To Petitioner's Statement

Petitioner's statement in its brief (p. 3-4) outlines certain activities which Petitioner claims Respondent carried on in Illinois. Some of these are not in dispute, but others present circumstances upon which the parties do not agree. The Trial Court entered no written findings

other than the general conclusion that Respondent was "doing business in the city of Chicago" (R. 192). The opinion of the Circuit Court below (R. 211-213) stands as the only specific, formal resolution of the factual issues. For example,

(a) Petitioner states (Br. p. 3) that Defendant was actively engaged despite termination of its right to use the name "Riverbank" in soliciting business at its Chicago office under the word "Riverbank." Except for activities prior to expiration of the patent, this is based on an isolated item of evidence procured by a Richard Hammersberg by making a request for information three days after the patent expired. In response, Respondent's Chicago office mailed a leaflet describing the "Riverbank" door. No unlicensed sale of any door marked "Riverbank" was shown to have occurred in Illinois.

(b) Petitioner states (Br. p. 4) that Respondent had written agreements with Illinois corporations providing for encasing of *its* sound insulating door units which were manufactured in Illinois. This is directly disputed. It is claimed by Respondent that if any doors were encased in Illinois, they were doors which had been sold by Respondent in, and shipped from, Neenah, Wisconsin, and were no longer the property of Respondent at the time they were encased. The transactions in question were simple outright sales from Neenah, Wisconsin, to a customer in Illinois, as a careful reading of the record citations given (to-wit: R. 31-34, and 138-139) will show.

(c) Petitioner notes that Respondent purchased in Illinois, in fact from its licensor, Riverbank Sound Insulating Door Company, certain hardware items called "threshold closers" which were shipped to Neenah, Wisconsin, and there assembled with and furnished with the

sound insulating doors which Respondent sold under the name "Riverbank." The Court below stated:

> "Usually and customarily the closers were shipped in stock lots to the defendant at Neenah, Wisconsin, but, upon occasion, instructions were issued by the defendant to ship the closers direct to a customer." (R. 214)

Thus, the incidental character of isolated cases of shipment (R. 26) direct from Illinois to the customer was recognized by the Lower Court.

(d) Petitioner further asserts that an *"important part* of the duties of Defendant's Chicago manager was to make drawings and sketches and to consult with architectural and engineering firms." As to this, the Court below noted:

> "Conferences with engineers and architects for the purpose of having them include sound insulating doors in the plans and specifications, should properly be listed as a part of a salesman's activities. Surely, it would avail a salesman of sound insulating doors little were he to wait until construction of a project was commenced." (R. 214)

SUMMARY OF ARGUMENT

1. The existence and character of State created private corporations are derived from the laws of the States and "citizenship" for diversity jurisdiction is a conclusive presumption based thereon. Whether a foreign corporation is "doing business" in a State is dependent upon State law in the same way and to the same extent as is "citizenship". The rules of the several States are not uniform, but depend upon their individual requirements and policies.

In diversity cases the prevailing rule has been to determine the question of whether a foreign corporation is "doing business" on the basis of the law of the State in accordance with *Erie v. Tompkins,* 304 U.S. 64 (1938). The case of *International Shoe Co. v. Washington,* 326 U.S. 310 (1945), which sets the standard for the minimum demands of due process, does not require the States to surrender their rights to determine their own non-conflicting standards.

The rule of *Erie v. Tompkins,* as applied below, is consistent with the decisions in other jurisdictions. The assertions of conflict have become a faint echo treated in a footnote.

2. The question of *forum non-conveniens* is not presented on the record.

3. Rule (4) (d) (7), F.R.C.P., is not brought into question by the decision below.

4. The Illinois rule was correctly interpreted and applied. The Court below was urged to hold, but avoided a holding in the absence of support of the record, that the activities of Respondent which were the subject matter of the issue "were actually centered in and emanated from Illinois". The center of Respondent's activity has always been confined to Neenah, Wisconsin. This controversial holding is sought for purposes which are obscure and requires a factual review which this Court should not be asked to make.

ARGUMENT

I.

IN A DIVERSITY CASE STATE LAW PREVAILS

General Considerations

This is a case in which Federal jurisdiction is determined merely on diversity of citizenship. Both parties are corporations and it is, therefore, essential to ascertain, in the first instance, the States whereof these corporate litigants are citizens. It is taken for granted that these essential facts are to be determined in the light of the laws of Wisconsin and Illinois. If the formalities and rules of the chartering States are to be ignored in favor of a concept of a pervading corporate existence throughout the entire geographical area within which any activity of a corporation may be detected, complications immediately arise.

It is beside the point, therefore, to argue that a corporation should not be accorded characteristics which a natural person cannot claim. Unless corporations are to be abolished, a character differing from that of a natural person, in certain respects, must be accepted.

The very existence of a corporation, its conferred citizenship, its rights, powers and obligations are created by and depend upon the laws of the States creating or accepting its presence. Until the year 1948, the Federal enactments under which United States courts obtained their jurisdiction in diversity cases were couched entirely in terms applicable to natural persons. The word "corporation" did not appear. The courts, prior to 1948, conferred upon corporations those attributes necessary to rational jurisdiction of them in diversity cases.

As the necessary concepts evolved the corporate equivalent of a natural person, traveling into a State of which he was not a citizen was said to arise when the corporation sent its agent into a State other than the State of its creation and caused that agent to do the business of the corporation. In this way, "doing business" acquired a special and technical meaning in the light of the requirements of each State. *Louisville Railroad Company v. Letson,* 2 Howard 497 (1844); *Ex parte Schollenberger,* 96 U.S. 377 (1877).

It is natural that certain States have found that it is acceptable, even desirable, public policy to extend more liberal privileges to foreign corporations. In many instances, States such as Illinois, having within their borders large and fully developed mercantile centers have adopted a comparatively hospitable attitude such as would attract the maximum corporate activity to their centers. States differently situated, because of geography or otherwise, with their commerce carried on by a large number of scattered enterprises, as is the case where agriculture is a dominant activity, have often found it advisable to conduct a more careful supervision of corporate commerce entering from neighboring States.

THE PREVAILING RULE

Because of differences between the States, a divergence has appeared with reference to the meaning of the term "doing business". Such was well recognized and had become an accepted aspect of the decisions in 1948, when Congress, in enacting 28 U.S.C. 1391 (c)[1], provided that in diversity cases a foreign corporation was to be subject

[1]The statute involved reads: "1391(c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes."

to suit, among other circumstances, *in the jurisdiction where,* "it is * * * doing business." Congress thus codified the decision law by adopting the technical term "doing business."

International Shoe Did Not Displace Erie

Petitioner acknowledges (Pet. Br. p. 14) that the "prevailing" view of the decisions is that the rule of *Erie R. Co. v. Tompkins,* 304 U.S. 64 (1938), governs and State court decisions defining "doing business" are determinative. Notwithstanding, Petitioner urges this Court to hold to the contrary. Petitioner seeks to support this plea by arguing that the decision in *International Shoe Co. v. Washington,* 326 U.S. 310 (1945), reflects a sweeping, new view of the matter, "a wholly new approach" (Pet. Br. p. 10), and that the minority views in *Polizzi v. Cowles Magazines, Inc.,* 345 U.S. 663 (1953), include statements urging adoption of the *International Shoe* rule as an exception to the rule of *Erie v. Tompkins.*

It is further argued by Petitioner that the States, looking to the United States Supreme Court decisions for the constitutional limits of due process, should be assumed to extend their powers to the limit available. Upon this reasoning it is argued that the prevailing rule is the result of a stunted *renvoi,* the States being the victims of their own self-shackling process.

The case of *International Shoe Co. v. State of Washington,* 326 U.S. 310 (1945), which petitioner points to as establishing and adopting a "wholly new approach" to the due process question underlying the "doing business" rule, does not declare itself revolutionary at all. Rather, it appears to be a normal interpretation of prin-

ciples long laid down in cases such as *International Harvester Co. v. Kentucky*, 234 U.S. 579 (1914).

It is evident that a State can obtain jurisdiction on the basis of the minimum presence discussed in the *International Shoe* case. It is conceivable that activities even more restricted than those discussed in the *International Shoe* case might afford a basis upon which a State could assert jurisdiction without violating due process. These considerations are not those which are applicable here. The Illinois rule is not challenged in this proceeding as a rule failing to satisfy the minimum standards of the *International Shoe* case. Quite the contrary, the Illinois rule is here attacked on the basis that it fails to exert the full power which Illinois has at its disposal.

Nothing expressed by this Court in *International Shoe* can be construed as a mandate that State courts must adopt the minimum contact test involved therein as both ceiling and floor of the test for doing business.

The case of *Polizzi v. Cowles Magazine, Inc.*, 345 U.S. 663 (1953), upon which Petitioner places much dependence, is not helpful in determining the question. In that case the question decided was the application of 28 U.S.C. 1441 (a) relating to removal cases. This provision of the statutes quite plainly fixes initial jurisdiction and venue under the following terminology:

> "* * * any civil action brought in a State court * * * may be removed * * * to the district court of the United States for the district and division embracing the place where such action is pending."

In the *Polizzi* case this Court had before it no more than the question of initial jurisdiction.

Notwithstanding the language of some decisions which speak of validity of service, when discussing the "Venue

Generally" provisions of 28 U.S.C. 1391(c), this enactment need not and should not be interpreted as a mere reminder of the possible bases upon which initial jurisdiction of a corporation can be taken. The statutes make it perfectly clear that jurisdiction is satisfied even in the absence of residence as long as there is express or implied waiver. This is demonstrated by 28 U.S.C. 1406(b) which provides that:

> "Nothing contained in this chapter shall impair the jurisdiction of a district court of any matter involving a party who does not interpose timely and sufficient objection to the venue."

Further; rule 4(d), (3) and (7) F.R.C.P., which is concerned with service initially, does not concern itself with venue standards. Thus, as far as bringing the defendant into court in the first instance is concerned, the floor, that is to say the minimum standards discussed in *International Shoe,* may well apply in determining the validity of the service. But, "timely and sufficient objection to venue", if made, may raise, as in this case, the question under 28 U.S.C. 1391(c), of whether the defendant was "doing business."

The "doing business" question, seasonably raised, is then to be determined in accordance with *Erie v. Tompkins,* subject to the same rules that would apply if the question were raised in the State Court of the forum as more fully discussed below.

There is thus a span between the ceiling set by the adopted rules of the States and the floor set by *International Shoe* within which the venue provisions of 28 U.S.C. 1391(c) exist as a reality. Petitioner would force this ceiling down tightly against the floor rendering 28 U.S.C. 1391(c) a nonentity as far as the words "doing business" are concerned.

Perhaps the most important reason for recognizing the distinction between jurisdiction initially obtainable by service on the one hand and the venue privilege of dismissal under 1391(c) on the other, is that without the distinction a conclusion might be drawn which could lead to State interference with Federal service of process.

The Erie Rule As Applied

Since 1938, when the doctrine of *Erie R. Co. v. Tompkins* was enunciated, a number of cases have considered whether a "general" federal rule or the local state law is determinative of what constitutes "doing business". They have predominantly, apparently unanimously, favored application of the state rule. The most recent expression of the rule in the 3rd Circuit is *Partin v. Michaels Art Bronze Co., Inc.*, 202 F. 2d 541 (C.A. 3rd, 1953), where the court stated, at page 544:

> "But despite plaintiff's reliance upon the International Shoe case, we do not reach that question here. An examination of Pennsylvania Supreme Court decisions discussed in the recent case of Lutz v. Foster and Kester Company, Inc., 1951, 367 Pa. 125, 79 A. 2d 222, shows us pretty clearly that the Pennsylvania courts would not regard this defendant corporation as subject to their jurisdiction. We do not, therefore, get to the question of how far Pennsylvania could go if it cared to exercise all the power it constitutionally had."

In the 5th Circuit in 1954, in *Lone Star Package Car Co. v. Baltimore & O. R. Co.*, 212 F. 2d 147 (C.A. 5th, 1954), in a decision which points to both *Erie R. Co. v. Tompkins* and *Angel v. Bullington*, 330 U.S. 183 (1947), the court stated at page 153, footnote 4:

> "* * * it would seem that in both classes of cases [those based on diversity of citizenship which are

> either removed from state court or filed originally in federal court] the Erie rule is applicable on the question of whether a foreign corporation is doing business in a state in such manner as to subject itself to local jurisdiction. See Partin v. Michaels Art Bronze Co., 3 Cir., 202 F. 2d 541, 542, note 2; Woods v. Interstate Realty Co., 337 U.S. 535, 69 S. Ct. 1235, 93 L. Ed. 1524."

In the 9th Circuit in a district court decision, *Kenny v. Alaska Airlines,* 132 F. Supp. 838, 847 (S.D. Cal., C.D., 1955), the following appears:

> "We think that in diversity suits originally filed in the federal courts, the question of whether the foreign corporation is doing business or was present in the state, i.e. the question of jurisdiction over the person, is to be resolved by reference to the law of the state in which the federal district court sits. Our conclusion is predicated upon the broad pronouncement of Justice Brandeis in Erie R. Co. v. Tompkins, 304 U.S. 64, at page 78 * * * ."

The Court of Appeals for the 7th Circuit in 1952, in *Canvas Fabricators v. William E. Hooper & Sons, Co.,* 199 F. 2d 485, 486 (C.A. 7th, 1952), expressed the view following:

> "The primary contested issue is whether defendant was 'doing business' in the State of Illinois so as to be amenable to local process. * * * This being a diversity case, it can hardly be doubted but that the main question for decision is controlled by local law."

The Court of Appeals for the 7th Circuit thus has followed, plainly and clearly, a rule which has been fully recognized. The decision of the Court below in the instant case is couched in similar language as follows:

> "In *Canvas Fabricators* and in *Roberts,* we pointed out that in diversity cases the law of Illinois must control * * * ." (R. 213)

The exact question of whether *Erie* applies in interpreting "doing business" in 28 U.S.C. 1391(c) has not been presented to this Court for its decision, but the careful analyses of the *Erie* doctrine which have been made available through such decisions as *Angel v. Bullington,* 330 U.S. 183, 192 (1947), and *Guarantee Trust Co. v. York,* 326 U.S. 99, 108-109 (1945), furnish an unusually firm basis for so holding.

The essence of the *Erie* doctrine, reflected in *Guarantee Trust Co.,* is that in diversity suits, where a federal court sits, as it were, as a state court, resort to the federal court should not be available as a means for creating or denying rights determinative of outcome, whether substantive or not, contrary to the State law applicable in the district where the court is sitting.

As this Court stated in *Guarantee Trust Co. v. York,* 326 U.S. 99, 112 (1945):

> "The operation of a double system of conflicting laws in the same State is plainly hostile to the reign of law. Certainly, the fortuitous circumstance of residence out of a State of one of the parties to a litigation ought not to give rise to a discrimination against others equally concerned but locally resident. The source of substantive rights enforced by a federal court under diversity jurisdiction, it cannot be said too often, is the law of the States."

In the same case at page 109, it is observed that:

> "* * * *Erie R. Co. v. Tompkins* was not an endeavor to formulate scientific legal terminology. * * * The nub of the policy that underlies *Erie R. Co. v. Tompkins* is that for the same transaction the accident of a suit by a non-resident litigant in a federal court instead of in a State court a block away should not lead to a substantially different result. * * * A policy so important to our federalism must be kept free

from entanglements with analytical or terminological niceties."

The *Guarantee Trust* case was followed shortly by *Angel v. Bullington,* 330 U.S. 183, 188 (1947), in which it is fully recognized that:

> " * * * The Contract Clause, the Full Faith and Credit Clause, the Privileges or Immunities Clause, all fetter the freedom of a State to deny access to its courts howsoever much it may regard such withdrawal of jurisdiction 'the adjective law of the State,' or the exercise of its right to regulate 'the practice and procedure' of its courts. *Broderick v. Rosner,* 294 U.S. 629, 642."

But, on page 192, it was reiterated that:

> "Cases like *Lupton's Sons Co. v. Automobile Club,* 225 U.S. 489, are obsolete insofar as they are based on a view of diversity jurisdiction which came to an end with *Erie Railroad v. Tompkins,* 304 U.S. 64. That decision drastically limited the power of federal district courts to entertain suits in diversity cases that could not be brought in the respective State courts or were barred by defenses controlling in the State courts."

In line with this reasoning, the plea of Petitioner, that a rule other than the rule of Illinois should be substituted in determining whether Respondent was "doing business" in the sense required for venue, should be tested not against any "brooding omnipresence of Reason," or "wholly new principles", but against such limitations of the Constitution as might preclude the State of Illinois from adopting the rule which there prevails. Obviously the contract clause is not offended, nor is there any withholding of faith and credit. The privileges and immunities of no one are abridged. Nor does Petitioner point

to any provision of the constitution which is in contravention of the Illinois rule.

Certainly a suit which could not be started and maintained in a state court at all, should not by some magic of word become maintainable in a federal district court sitting in a simple diversity case as another court of the State. Directly in line with this reasoning was the statement of this Court in *Woods v. Interstate Realty Co.*, 337 U.S. 535, 538 (1949), to the effect:

> "* * * The *York* case was premised on the theory that a right which local law creates but which it does not supply with a remedy is no right at all for purposes of enforcement in a federal court in a diversity case; that where in such cases one is barred from recovery in the state court, he should likewise be barred in the federal court. The contrary result would create discriminations against citizens of the State in favor of those authorized to invoke the diversity jurisdiction of the federal courts. It was that element of discrimination that *Erie R. Co. v. Tompkins* was designed to eliminate."

It is not a question of whether the issue here is substantive or procedural. A number of matters traditionally classified as procedural are affected by the *Erie* doctrine as has been noted by Alfred Hill, Professor of Law, Southern Methodist University, in an article entitled "State Procedural Law in Federal Non-Diversity Litigation", 69 Harvard L. Rev. 66, 71-72, where the following is asserted:

> "* * * Accordingly, in diversity cases, the law of the state in which the federal court sits must now be followed in such matters as statutes of limitations,[20] statutes of frauds,[21] statutes requiring security for costs in stockholder litigation,[22] conflict of laws rules,[23] *res ipsa loquitur*,[24] presumptions,[25] burden of

proof rules,[26] and in general any local procedural rules which would effectively bar enforcement of the claim in the courts of the forum state.[27] * * * "

"[20]Guaranty Trust Co. v. York, *supra* note 19; Wells v. Simonds Abrasive Co., 345 U.S. 514, (1953); *cf.* Ragan v. Merchants Transfer & Warehouse Co., 337 U.S. 530 (1949).

[21]Macias v. Klein, 203 F.2d 205 (3d Cir.), *Cert. denied,* 346 U.S. 827 (1953). The statute of frauds of the forum state seems usually to have been followed even before *Erie.* See cases cited note 89 *infra.*

[22]Cohen v. Beneficial Industrial Loan Corp., 337 U.S. 541 (1949).

[23]Klaxon Co. v. Stentor Elec. Mfg. Co., 313 U.S. 487 (1941).

[24]See Lobel v. American Airlines, Inc., 192 F.2d 217, 219 (2d Cir. 1951), *cert. denied,* 342 U.S. 945 (1952); Hamilton v. Southern Ry., 162 F.2d 884, 886 (4th Cir. 1947).

[25]See Mark v. City of Ormond Beach, 113 F. Supp. 504 (S.D. Fla. 1953); 5 Moore, Federal Practice § 43.08 (2d ed. 1951).

[26]Cities Serv. Oil Co. v. Dunlap, 308 U.S. 208 (1939); Palmer v. Hoffman, 318 U.S. 109 (1943). Burden of proof rules and presumption rules are of course intimately related. Where they do not operate to set a minimum quantum of proof in particular situations but merely fix or shift the burden of going forward with the evidence it is arguable that the law of the forum state need not be followed. *Cf.* Central Vt. Ry. v. White, 238 U.S. 507, 511-12 (1915); Note, *State Trial Procedure and the Federal Courts: Evidence, Juries, and Directed Verdicts Under the Erie Doctrine,* 66 Harv. L. Rev. 1516, 1518-

19 (1953). *But cf.* 5 Moore, *op. cit. supra* note 25, § 43.08.

[27]See Angel v. Bullington, 330 U.S. 183 (1947); Woods v. Interstate Realty Co., 337 U. S. 535 (1949); *cf.* First Nat'l Bank v. United Air Lines, Inc., 342 U.S. 396 (1952)."

The prevailing view, applied below, that the local state rule is determinative is based upon the plain implications of *Erie R. Co. v. Tompkins,* as amplified by the related cases, and should be upheld as the rule of this case.

Petitioner's Assertion of Conflict Has Become Submerged

The petition was presented initially with the assertion that "great confusion, amounting to a conflict exists". In Petitioner's brief this is relegated to a footnote consisting of a compilation of cases purportedly classified into conflicting categories. The burden of this footnote is a heavy one if this petition was granted on the basis of the assertion of confusion.

In every case cited in the footnote where the question was considered by the court, and the rule of *Erie R. Co. v. Tompkins* was available, the court indicated that it was bound by the rule prevailing in the State in which the district was situated.

II.

NO QUESTION OF FORUM NON-CONVENIENS IS PRESENTED

In an attempt to add support to the argument that a wholly new approach pervades the present attitudes toward "doing business", Petitioner brings to the discussion

the problems dealt with under 28 U.S.C. 1404 (a), providing for "transfer" of causes for "convenience" or "in the interest of justice." This statute would seem to be confined in its effect to cases where the court has jurisdiction in the first instance and venue lies, but the court is of the view that the case should be tried in an "other district or division where it might have been brought." This Court so observed under the old *forum non-conveniens rule in Gulf Oil Corp. v. Gilbert,* 330 U.S. 501, 506-507 (1946). The lower court decisions since, have been consistent with the *Gulf* case in interpreting section 1404(a). The remedial character of 1404(a), in that it permits transfer without dismissal, removes the harsh possibility that rights influenced by lapse of time might be cut off by a dismissal under the bare *non-conveniens* doctrine.

The scope of discretion granted under this new section presents difficult problems as this Court has recognized in *Norwood v. Kirkpatrick,* 349 U.S. 29 (1955); but these problems do not include or bear upon the question of when venue lies in a diversity case. The observations made in *Kilpatrick v. Texas & P. Ry. Co.,* 166 F. 2d 788, 790-791 (C.A. 2nd, 1948), that the rule of the *International Shoe* case is indistinguishable from the rule of *forum non-conveniens* are directed to the "fair play" aspects of the constitutional question of due process. In a diversity case where a State rule is challenged, as it is here, for declining to hold the defendant, the bearing of Section 1404 (a) would seem extremely remote.

As indicated earlier in this brief, there is no question presented on the record involving application of Section 1404 (a).

III.

RULE 4(d)(7) DOES NOT CONFLICT WITH THE ERIE DOCTRINE

Petitioner injects the point that the interpretation of Rule 4 (d) (7) of the Federal Rules of Civil Procedure, which treats the manner of service, has been carried far in the First Circuit even to the point of bringing in the "doing business" requirement. Such would seem unnecessary, but, in any event, the point has no bearing here since at no stage of this proceeding has any reliance whatever been placed upon this or any other interpretation of Rule 4 (d) (7). It is to be observed, however, that this rule was so framed as to reflect a full regard for the local prevailing rule and in this sense confirms the *Erie* doctrine.

IV.

THE STATE RULE WAS PROPERLY APPLIED

The Appeal Court's determination of the applicable law of the State is ordinarily not disturbed. This Court stated in *Ragan v. Merchants Tranfser Co.*, 337 U.S. 530, 534 (1939):

> " * * * We ordinarily accept the determination of local law by the Court of Appeals (see *Huddleston v. Dwyer*, 322 U.S. 232, 237) * * * ."

Nevertheless, since Petitioner challenges both the Appeal Court's interpretation of the Illinois rule and its application, it is necessary to answer.

The attack on the interpretation is based primarily upon a contention that the *Erie* doctrine requires that the rule of the State be extrapolated from the last available State decision in the direction of whatever may be the detectable trend. This may have a certain appeal, but

its weakness is the danger that federal decisions would, by such a formula, become a substantial element in forming, as well as reflecting, the State rule.

The Illinois decisions resorted to illustrate the point, both *Pembleton v. Illinois Commercial Men's Association,* 289 Ill. 99, 124 N.E. 355 (1919), and *Darling & Co. v. Rauh & Sons Fertilizer Co.,* 242 Ill. App. 375 (1926), properly observed that Illinois could not adopt a rule contravening due process, but neither relinquishes the right of Illinois to determine its own policies within the confines of due process.

The citation of the Illinois "Civil Practice Act", not yet in effect, is an interesting example of the hazards of "anticipating" the State rule. When this codification goes into effect, Illinois will purportedly restrict its jurisdiction of non-resident defendants, even though transiently in the jurisdiction, to four specifically defined categories of actions. Until the Illinois Courts have spoken concerning these restrictions the trend might easily be overestimated. Instead of four, it might be assumed that five and ultimately six or more restricted categories will be adopted.

Looking forward to the coming into effect of these new Illinois restrictions, Petitioner attempts to obtain a finding of fact by this Court which both Courts below declined. The thing sought is a holding that Respondent's announced intention of continuing to use "Riverbank" to mark doors made and sold by it at Neenah, Wisconsin, somehow is a piece of business transacted in Illinois or is a tort committed in Illinois. The record is devoid of any showing of any unlicensed sale or delivery of a Riverbank door in the State of Illinois. The nearest thing approaching is a single isolated instance of the mailing of an out-

dated pamphlet procurred by Petitioner's volunteer, Hammerberg, three days after the patent expired and while Respondent was still subject to royalty.

For this reason it is believed that Petitioner's reference in its brief (page 22) to the Illinois Civil Practice Code, not quoted and not yet in effect, coupled with an assertion, unsupported by the findings, of a claimed tort disputedly committed in Illinois is a palpable attempt to set the stage for a subsequent move by Petitioner. Upon the coming into effect of the new Illinois Civil Practice Code in 1956, it will become incumbent upon Petitioner to show, not only presence in Illinois, but also an unauthorized transaction under "Riverbank" by Respondent in Illinois or a tort by Respondent involving "Riverbank" in Illinois. It is improper to ask this Court for an anticipatory factual determination pertinent primarily to such an eventuality.

The declaratory relief initially sought by the complaint before the patent expired was for all intents and purposes the sole basis for the preliminary injunction. The preliminary injunction is not in any way confined geographically. It strikes at and holds under control all of Respondent's business in Neenah, Wisconsin. It is in Wisconsin and under the laws of Wisconsin that this diversity case should be submitted and tried.

CONCLUSION

The wr t should be dismissed, the decision of the Court of Appeals affirmed and the case remanded for dismissal.

Respectfully submitted,

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December 20, 1955

APRIL 2, 1956.

Decisions Per Curiam.

No. 66. RIVERBANK LABORATORIES *v.* HARDWOOD PRODUCTS CORP. Certiorari, 350 U. S. 817, to the United States Court of Appeals for the Seventh Circuit. Argued January 16, 1956. Decided April 2, 1956. *Per Curiam:* The Court is of the opinion that the District Court correctly found there was proper service upon the defendant in this case. Accordingly, the judgment of the Court of Appeals is reversed and the case is remanded to that Court for further proceedings.* MR. JUSTICE HARLAN took no part in the consideration or decision of this case. *Maurice Rosenfield* argued the cause for petitioner. With him on the brief were *Philip B. Kurland* and *Jack H. Oppenheim*. *David A. Fox* argued the cause for respondent. With him on the brief were *Gerrit P. Groen* and *Roger Sherman Hoar*. Reported below: 220 F. 2d 465.

No. 318. RAYMOND BAG CO. *v.* ROWERS TAX COMMIS-